

# DIGITAL SPECIAL

**EXCLUSIVE** – Karstedt's Commercialization Assessment Report gives converters practical tools to write digital roadmaps, while Mike Fairley explains the end user perspective

## SOLUTION PROVIDER

What it takes for label converters to offer 'one-stop' solutions including flexible packaging and cartons

## MIGRATION DEBATE

The legislative situation with regard to ink migration - and what it means for converters

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Brazilian converters are looking for global partners and facing tough anti-liner legislation

## LINERS UNDER PRESSURE

The solid waste legislation passed recently by the Brazilian government (see our Brazil Summit review in this issue) is one of the most far reaching in the world, and has put release liner waste under particular pressure. Liner is 'the new villain of the piece', commented one leading Brazilian converter. It can no longer be landfilled or incinerated and must be collected and recycled.

The Brazilian industry is faced with having to act fast to comply with the stringent terms and short time scale mandated by the legislation, and it is coming up against problems all too familiar across the developed world where such strategies have been tried: a fragmented industry unable to collect sufficient quantities of liner waste in one place to make collection and reprocessing economically viable; and a lack of commercial facilities for de-siliconizing paper-based liners.

But already the legislation is forcing the development of new ideas and new technology solutions. Local company Celulose Reciclada is investing in new capacity to recycle paper liners from end users in the Sao Paulo region, while Colacril is in the late evaluation stage for technology which turns used filmic liners back into 'good as new' filmic release liners.

The lesson is clear: the global labels industry must be pro-active in tackling the sustainability issues which surround release liner waste – or governments and global brands will force the pace in ways which may be difficult or prohibitively expensive for the industry to manage.

But sometimes it is only the reality of that legislation which forces the development of new solutions. The example of Brazil demonstrates both trends at work.

### ANDY THOMAS

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## ISSUE 3

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## Discussion from the L&L.com blog: A fragmented industry consolidates

This is precisely how we see the industry developing on a domestic scale as well as a global one: adopting a bimodal distribution with a few very large players at one end with major economies of scale, and lots of smaller players serving niches. The middle ground is a dangerous place to be, and those businesses will stagnate, fail or be swallowed up without a niche.

*Adrian Steele, MD, Mercian Labels*

It's incredible to watch the industry experience two more global acquisitions since Andy's analysis here and in Latin America. First there was the CTI Invest acquisition of Brazil-based converting operation BIC Label Technologies; and announced this week was yet another swift move by Cincinnati-based Multi-Color Corporation in both Chile and Argentina.

*Danielle Jerschefske, L&L*

I have observed that large companies (converters included) have been consolidating in order to grow. This makes up for the fact that they are not growing organically. This type of growth through consolidation is not introducing innovation. The smaller converters are more entrepreneurial and introducing innovation such as investments into digital printing. Large converters lagging in innovation will not be healthy long term.

*Mike Ferrari, president, Ferrari Innovations Solutions*

In the sale of his operations in Chile and Argentina to MCC, Fernando Aravena has again taken advantage of the increasing interest in Latin America from the large US converting groups. Three years ago, his Chilean company Etiprak was acquired by York Label; and his forays into Argentina and Peru, as well as the return to his native Chile, were conceived with aim of selling them to a similar type of buyer. His is a blueprint that others are trying to follow, and rumors abound that other converters in this part of the world are being considered for acquisition by international groups. The trend looks set to continue.

*James Quirk, L&L*

## Top industry Tweets:

**Danielle Jerschefske rounds up the latest topics doing the rounds of the blogs and Twitter pages**

*#SouthAfrica* authorities nod 2 @WalmartCAN Massmart merger <http://walmarturl.com/ijHzfG> Labels & #packaging: <http://bit.ly/kqJwln>

*The rise of middle-class urbanites is the key driver of changing consumer habits in Brazil. #sustainability #lean #green #opportunity*

*packagingdiva* Consumers are split between convenience and earth friendliness when it comes to packaging @ <http://bit.ly/lfQ7Go> #packaging #eco #green

*ProcterGamble* Welcomes New Members to US Sustainability Expert Advisory Panel: <http://bit.ly/laJWsR> @WWF #sustainable #packaging #coalition #SPC

*Roger\_Pellow* The danger facing the label industry is commoditization both suppliers & printers must add value rather than drop price

*@vibrantgfx* 6 Rules for QR Code Success! <http://bit.ly/LLwdC4>



## L&L DISCUSSION GROUP ROUNDUP

### Does wine industry need new type of bottle label?

I'm involved with a revolutionary 'paper like' product that is made with 80 percent calcium carbonate and 20 percent polyethylene. It feels like the highest quality wood pulp paper but is 100 percent water, oil and grease resistant and will not age / yellow at all. It's known as Stone paper or Rock Paper universally.

Is there a market for such a product in the wine industry, is the durability and anti-ageing of traditional pulp based labels an issue within the industry? In terms of cost we are likely to be slightly higher than current grades but no more than 10 percent.

*Ian Brown - MD at Red Spot Marketing*

### New group for non-RFID 'Smart' labels?

I am looking to add people to my network who are interested in so called 'Smart' indicator or functional labeling and packaging. This does not refer to RFID which is already well covered, but innovative coatings and chemistries that either change their environment or indicate that an event has taken place. This is a major research area of The Mercian Labels Group and I wish to talk to technology providers with IP, researchers in academia or the commercial sector and prospective users of such technologies.

I am particularly interested to hear about potential users for such innovative labels, and suggestions for problems to tackle. If you are interested in these areas, please connect to me or drop an email to [adrian.steele@mercianlabels.com](mailto:adrian.steele@mercianlabels.com). Thanks in advance.

*Dr Adrian Steele - MD  
he Mercian Labels Group*



Join the Labels & Labeling discussion group at [www.linkedin.com](http://www.linkedin.com).

# NEWS

## THE INSIDER

A ROUND-UP OF THE LATEST  
GLOBAL LABEL STORIES

### CTI INVEST ACQUIRES BIC LABEL TECHNOLOGIES IN BRAZIL

Global converting group CTI Invest has acquired Rio de Janeiro, Brazil-based BIC Label Technologies from its previous owner Pimaco. The company has been renamed Viappiani Do Brasil.

CTI Invest AG will integrate BIC Label Technologies into its group and will focus the business on the requirements of the prime label industry. BIC Label Technologies is a self-adhesive label printer which employs 40 people and serves the cosmetic, pharmaceutical, chemical and food and beverage industries, among others.

'We are very proud of our new acquisition BIC Label Technologies, which is an innovative, quality driven and long-established player in the Brazilian label market. The economy of Brazil is growing and it will continue to grow in the future. We will further expand the business of Viappiani Do Brasil in this dynamic market and provide our best service to any potential customer,' said Christian Trierenberg, CEO of CTI Invest AG.

CTI Invest AG is a global player in the packaging and label industry with further production sites around the globe. Apart from sites in Canada, Spain, Germany and Italy (Viappiani Italy), it has been producing prime labels in Colombia for more than 25 years (Tann Colombiana). It is a privately held company with headquarters close to Linz, Austria.

### PRIMERA OPENS BRAZIL OFFICE

Primera Technology, a manufacturer of specialty printers, has opened an office in São Paulo, Brazil. The office will provide sales and support to all of Primera's customers in South America, Central America and Mexico. Carlos Levenstein will serve as managing director, Primera Latin America, overseeing the new office. The office will have multi-lingual sales and technical support staff available during regular business hours. Levenstein speaks fluent Portuguese, Spanish, French and English.

### CCL ACQUIRES PHARMA LABEL CONVERTER

CCL Industries has acquired Thunder Press, a privately owned label company located near Chicago, USA, that operates under the trade name Sertech. The acquired business produces patient instructional leaflets.



HELMUT Schreiner, executive manager and owner of the Schreiner Group

## HELMUT SCHREINER WINS TOP INDUSTRY AWARD

WINS R Stanton Avery Lifetime Achievement Award

The winner of the R Stanton Avery Lifetime Achievement Award for 2011 is Helmut Schreiner, executive manager and owner of the Schreiner Group – a global provider of functional labels with a turnover of €110m and more than 720 employees from his factories in Europe and the USA.

Under his charismatic leadership the group has become a world-leading innovator within the label industry,

developing new technologies and applications in areas that include electro-luminescent labels, printronics, RFID and anti-counterfeit technologies.

The international judging panel felt that his inexhaustible passion for his company, his pioneering innovation, his input into industry associations, and into the training and development of his employees, made him an outstanding nomination and worthy winner in 2011.

## RAKO OPENS IN SOUTH AFRICA WITH GALLUS EMS

ADHESIVE label manufacturer opens new production site

At the end of February, Germany-based converter Rako Group opened its new production site in Cape Town, South Africa.

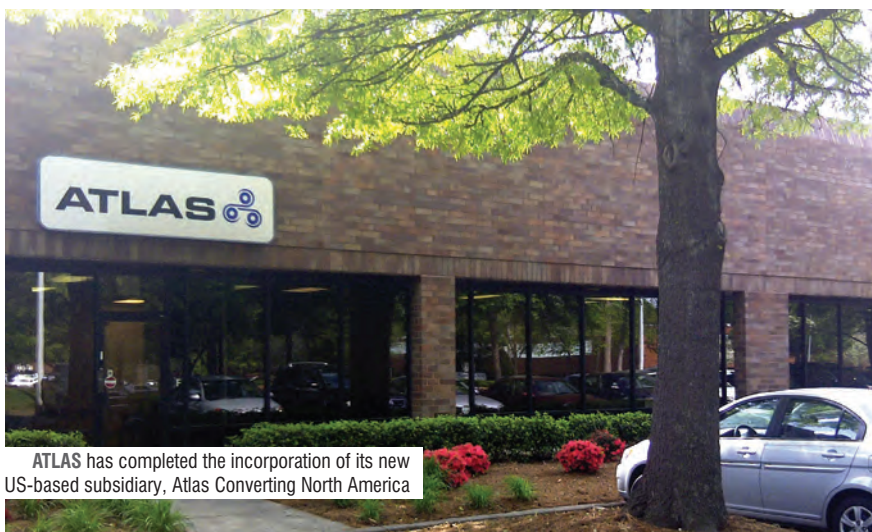
Rako Labels Cape Town (Pty) Ltd has a workforce of 23 and four state-of-the-art flexographic printing presses for the manufacture of high-quality adhesive and wraparound labels, including a 10-color Gallus EMS with screen printing and cold foil finishing options.

Rako Group, one of the largest adhesive label manufacturers in Europe, has a workforce of over 1,400 operating more than 80 printing presses at a number of sites throughout Europe and

Asia. The company has been a user of Gallus machines for several years.

'We are a new market player in South Africa, an emerging market that is enjoying strong growth,' said Uwe Bögl, Rako South Africa managing director. 'We boast one of the country's most cutting-edge production facilities for adhesive labels and also benefit from the Rako Group's international customer relations. Rako Labels is planning for the long term in South Africa. We see the country's recovering economy and its great potential for growth in the area of fast-moving consumer goods as an opportunity for the company.'





ATLAS has completed the incorporation of its new US-based subsidiary, Atlas Converting North America

## ATLAS OPENS NORTH AMERICAN SUBSIDIARY

**MANUFACTURER** relocates to serve North & Central America

Atlas Converting Equipment has completed the incorporation of its new US-based subsidiary, Atlas Converting North America, which has re-located to new premises in Charlotte, North Carolina, following the company's separation from Bobst Group in October of last year.

The team in Charlotte will be responsible to the newly appointed general manager, Thierry Fontollet, formerly with Bobst Group Latin America (North) in Mexico City. Atlas Converting North America will provide support in both sales and service activities for all Atlas and Titan slitter rewinder customers throughout the United States, Canada, Mexico and Central America.

Brian Stiff will continue in his role as sales manager for the Atlas and Titan product range in this region, but will now be based at the Charlotte office rather than providing support from

the Atlas head office in the UK. In the meantime, the company is also actively seeking new agents to represent its sales activities and provide a stronger marketing presence in the region.

Service manager Rick Howe will continue to be responsible for all service, spare parts and customer support for all North and Central American customers.

'We have been through a very busy first quarter of 2011,' explained Thierry Fontollet. 'Firstly we had the process of incorporation of the new Atlas subsidiary company, the ongoing separation from Bobst Group North America and relocation to our new premises in Charlotte. We also had to organize our new warehouse, which carries over USD \$1m worth of spare parts, and establish a new after-sales service structure to better serve our customer base.'

## ITL AND IST METZ PARTNER

UK-based UV curing systems developer Integration Technology Ltd (ITL) has entered into a strategic alliance with Germany's IST Metz, a market leader in UV technology and supplier of UV systems for a variety of applications

ITL was established in 2000 and is a developer of UV lamp units for the inkjet printing sector with an annual turnover

of over six million euros.

'As our product ranges in UV and LED complement each other perfectly, our customers now have available a complete spectrum of UV solutions for the printing industry and other industrial applications,' explained Dirk Jägers, managing director of IST Metz.

### HOT OFF THE PRESS

A ROUND-UP OF THE LATEST GLOBAL LABEL STORIES

#### TLA ELECTS NEW BOARD MEMBERS

The Turkish Label Association (TLA) hosted its eighth general assembly in April. Aydın Okay, Mehmet Celal Sengör, Ramazan Koçyigit, Murat Sipahioğlu and Mehmet Agaoglu have been elected board members. Meanwhile Gülay Akkus, Tufan Ali Bahçivan, Burak Yıldırım, Gözde Keskin and Hüseyin Hayri Kamiloglu were appointed reserve board members. The new board was elected for three years.

#### APPLE DIE APPOINTS SOUTH AMERICAN SALES REPRESENTATIVE



US-based Apple Die has appointed Francisco Cascardo as its South America sales representative.

Cascardo will be based in Medellin in his native Colombia, where he previously was assistant manager of one of the country's leading label converters and a user of Apple Die's products.

'Even though Apple Die already has a strong presence in the Latin American market, there is still plenty of territory to explore,' said Francisco Cascardo (see above image). 'With local representation, we will be able to reach new customers and work with them side by side to fulfill their die needs.' Apple Die's president Barb Wambold commented: 'We wanted to have a local contact that could visit customers on a regular basis and offer help and advice with new products and techniques. The appointment shows our commitment to the South American market and provides our customers with our total support.'

#### UPM AND VERTARIS TO PROMOTE SUSTAINABLE RELEASE LINER RECYCLING

UPM and the French company Vertaris have partnered to develop a sustainable release liner recycling concept in Europe. Release liner is the siliconized backing paper that is an essential part of self-adhesive labelstock until the printed label is taken into use. Today, the majority of the used siliconized liner is incinerated.

## HOT OFF THE PRESS

A ROUND-UP OF THE LATEST GLOBAL LABEL STORIES

### HP OPENS DEMO CENTER IN GEORGIA, USA

HP has opened a 60,000-square-foot Graphic Arts Experience Center to showcase its technology portfolio and educate customers about new opportunities made possible by digital printing. Housed in newly renovated space at HP's Alpharetta, Georgia, campus in metro Atlanta, the center is a sales hub and training facility for graphic arts customers and prospects throughout the Americas region.

### LABELSTOCK MANUFACTURER FOUNDED IN ASIA

A new labelstock manufacturing company, SAScoat, has been founded in Asia. The company intends to service a global customer base through several hubs and locations across various continents.

SAScoat's main manufacturing plant in the south of Vietnam is equipped with the latest coating equipment that caters for a multitude of labelstock products. The highly technological set up of the 15,000 square meter plant also enables label converters, business forms printers and web finishing companies to not only have access to standard labelstocks and adhesives but to obtain non-standard products and bespoke constructions throughout the region.



FERNANDO ARAVENA also sold Etiprak, his former operation in Chile, to US converting group York Label in 2008

## MCC MOVES INTO SOUTH AMERICA

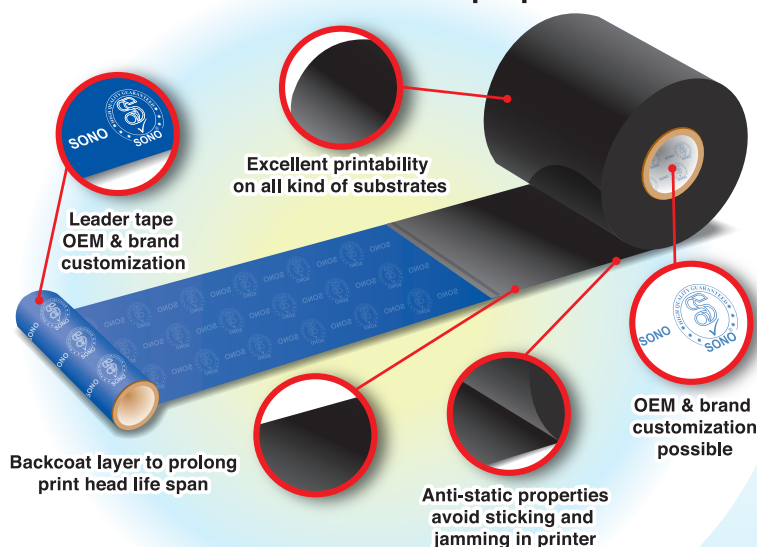
Multi-Color Corporation (MCC) has entered into agreements to buy 70 percent ownership in two label operations in Latin America: one in Santiago, Chile and the other in Mendoza, Argentina, with regional partner Fernando Aravena owning the remaining 30 percent. Aravena has over 25 years' experience in the Latin American label industry as owner and manager of operations in Chile, Argentina, Mexico and Peru.

MCC's initial investment is USD 3.7 million and is effective on May 2, 2011. Existing business assets will be transferred to two new companies, Collotype Labels (Chile) S.A. and Collotype Labels (Argentina) S.A. The companies will

focus on providing premium labels to the expanding Latin American wine and spirit markets and thus will operate using MCC's Collotype trade name. 'We have been keen to establish operations in Latin America and see this as an attractive first step. We have known Mr Aravena for many years and appreciate this opportunity to partner with him and his established team. They have a proven track record in the region, have recently invested in the latest pressure sensitive label technology and have long standing customer relationships. Together we see exciting growth opportunities in these developing markets,' said MCC president and CEO Nigel Vinecombe.

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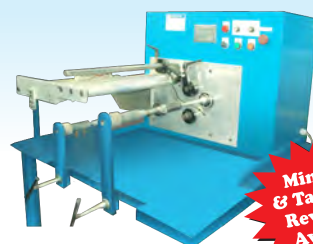


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# BPIF TO RELAUNCH SPECIAL INTEREST LABEL GROUP

**NEW** chairman makes changes to the membership criteria

Key new initiatives aimed at re-launching the British Printing Industry Federation's special interest group, BPIF Labels, have been announced by John Bambery, new chairman of the group.

Firstly, the BPIF has agreed to a change of membership criteria, with membership of the group now being open to both member and non-member BPIF companies, as well as suppliers to the industry. The model on which these changes are based is that of the highly successful VskE, the German self-adhesive federation.

'Apart from the current economic situation,' commented John Bambery, 'there are many areas of a non-competitive nature which the label sector badly needs to address, and I hope to have some worthwhile low-cost seminars, workshops and visits which will enable BPIF Labels to become the organization of choice for addressing these topics.'

'Secondly, we have also teamed up with Zeller + Gmelin and Labels & Labeling for a two day seminar entitled 'Future demands of the narrow web industry', that is planned for the

29-30 of June 2011, which will be held at the Barcel Hinckley Island Hotel, Leicestershire. Well-known international companies in the narrow web industry will also be available at a table-top exhibition to discuss the latest technology in their areas of expertise.

'Zeller + Gmelin, one of Europe's leading ink manufacturers, is hosting the event so that there will be no charge for attendance.' Delegates will only have to pay for getting to and from the venue and for overnight accommodation. Full details of the seminar, location and program can be viewed at <http://zeller-gmelin.co.uk> and then by clicking on the 'Announcement'.

Among the speakers at the seminar will be representatives from Nestle and The Co-operative supermarket, as well as Mike Fairley from Labels & Labeling, and speakers from GEW, Herma, Zeller + Gmelin and Reproflex 3.

It is hoped that as many members and potential new members of BPIF Labels will support these new initiatives and, if not already a member, apply to join. Application forms can be obtained from [john.bambery@bpiflabels.org.uk](mailto:john.bambery@bpiflabels.org.uk).



RE AND SHILP have launched a joint venture in Ahmedabad, India

## RE LAUNCHES JOINT VENTURE IN INDIA

Italy-based Re, a manufacturer of auxiliary equipment for the converting industry, has entered into a joint venture in India with a local producer of gravure cylinders.

Re and India-based Shilp have had an informal working relationship for the last two years. Now a new company, Re Shilp Equipments India, has been founded in Ahmedabad in Gujarat, an hour's flight from Mumbai.

The joint venture will help to improve local sales and service support, say the companies.

## High efficiency at constant quality

### The IGT F1 Printability tester for Flexo and Gravure inks

IGT printability testers enable the various factors adversely affecting printability to be evaluated and eliminated before production starts.

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# NEWS

## CATCHPOINT TECHNOLOGY BREAKTHROUGH

**LICENSEES** achieve higher linerless labeling speeds and accuracy levels

Catchpoint, which has pioneered and patented the production and application of linerless self-adhesive labels using unique micro perforations, has announced a major technology breakthrough to Labels & Labeling, *writes Mike Fairley in an exclusive report.*

Working closely with founding licensee WS Packaging and applicator partner ILTI, linerless labeling speeds and accuracy levels can now meet the demanding targets required in FMCG markets. This exciting new process will facilitate and contribute to the environmental targets of Global Packaging Initiative Partners without compromising the speed, accuracy and efficiency of their production lines.

WS Packaging, one of the largest printing and label converting operations in North America, is an industry leader with over 40 years' experience in printing and flexible packaging for retail, commercial and industrial markets – with 17 manufacturing locations in North America and Mexico. The company will be launching the full ILTI self-adhesive machine range into the USA, and is investing heavily in new production capacity to support the switch to Catchpoint labels. Customers are already welcoming the opportunity to improve sustainability.

The innovative linerless labeling heads have been tested in high speed rotary labelers developed by ILTI, based in Mantova, Italy. They have one of the most experienced engineering teams for pressure sensitive labeling. The area is famous for a highly skilled work force with a creative and responsive supply chain.

This success has been supported by material and adhesive suppliers in a carefully planned project over 12 months. Catchpoint and its partners recognized the need to focus exclusively on these high speed challenges to prove their technology and know-how claims. As a result, Catchpoint labels can now contribute to cost and environmental savings across a broad spectrum of solutions, with no adverse effect on production efficiencies or shelf appeal. Indeed creative brand managers can exploit the change to meet consumers' demand for less packaging waste.

The breakthrough has also proved how close co-operation within a complex supply chain can deliver significant environmental benefits. Existing self-adhesive processes with a liner, which now account for over half of the overall label market, deliver convenience, but currently with over 50 percent material waste. The industry aim has been to reduce this waste.

The self-adhesive industry has been creative in tackling these challenges and has been introducing liner collection and recycling schemes; but strategically, Catchpoint's technology will enable capacity, now making liners, to switch to improving the availability of face materials. To meet rapidly growing world label demand a key conclusion is obvious, reduce and eliminate the waste.

This successful multinational co-operation with Catchpoint has resulted in a high-quality linerless labeling process which is currently achieving over 350 bottles per minute (bpm), and looks set to go much higher.

### HOT OFF THE PRESS

A ROUND-UP OF THE LATEST GLOBAL LABEL STORIES



### MARK ANDY PRESS LINE RECEIVES FTA AWARD

Mark Andy's Performance Series line of flexographic presses has been awarded the 2011 Technical Innovation Award by the Flexographic Technical Association (FTA). This annual honor is best owed upon companies 'who seek ways to further refine and advance the flexographic print process and who bring significant contributions to the industry in terms of adoption, change and competitive posture'. The award was presented to Mark Andy representatives Paul Brauss, president, and Jeff Feltz, director of product management, at the FTA Awards Banquet, May 1, during the FTA Annual Forum and Info\*Flex event in Indianapolis, Indiana, USA.

'We are proud of the impact the Performance Series has made on the industry,' said Brauss. 'Mark Andy continues to search for ways to supersede our customers' expectations and the Performance Series has done just that. The simplicity of operation, rapid changeovers and drastically reduced waste have proven to users that a capital investment in new technology can be profitable.' The Performance Series was introduced to the market at Labelexpo Europe 2009 and since its introduction more than 70 have been sold worldwide.

*Above l-r: Paul Brauss and Jeff Feltz accept the FTA Technical Innovation Award from Shelley Rubin and Joe Tuccido of FTA*

### MACDERMID'S LUX WINS FTA AWARD

The Flexographic Technical Association (FTA) has selected MacDermid's Lux plate processing technology as the recipient of its 2011 Technical Innovation Award.

'MacDermid has a long history of providing innovative solutions coupled with unrivaled service, and to be recognized by such a well-respected industry association speaks to the quality, efficiency and consistency that we've been able to deliver to our customers with Lux,' said Scot Benson, vice president and general manager of MacDermid Printing Solutions.

## QUADTECH APPOINTS ISRAELI AGENT FOR PRESS CONTROLS

QuadTech, a manufacturer of press control technology, has appointed Nirplex Exclusive Agencies, based in Rosh Ha'ayn, to act as its sales agency in Israel. Since it was formed in 1978, Nirplex has represented a host of technology leaders, active across all stages of the print workflow, with clients

including Holmen, Exxon Mobil, Cham Paper Group, Iggesund, Meyr Melnhof Karton and Alcan. As QuadTech's representatives, the company offers a local point for advice and support, in the local language, to current and potential customers seeking press control technology.

**LABELS&LABELING**



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Purchasing UL recognized, pressure-sensitive label stock once meant working with large suppliers who didn't know you or your unique needs. But now you can get the materials you require for durable goods labeling and other heavy-duty applications, with the personal, friendly service of Green Bay Packaging.

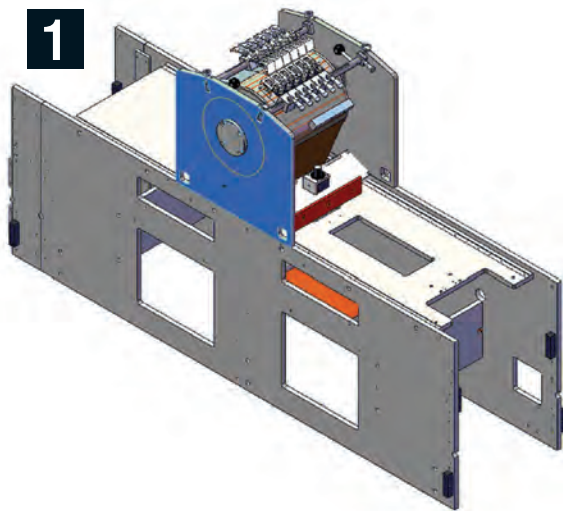
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Green Bay Packaging Inc.  
Coated Products Operations

# NEW PRODUCTS



2



## 1 DIGITAL BRAILLE PRINTING UNIT CONVERTEC

Sweden-based Convertec will unveil its new modular unit for digital Braille printing for labels at Labelexpo Europe 2011 in Brussels in September. The unit, called DigiBraille, has a modular design that can be retrofitted to any printing press or converting line for either in-line or off-line Braille production. The central impression design allows booklets and labels to be printed with greater accuracy while also inspection is done on the same drum. The CI unit was possible to make due to an innovative printing head design. The smaller printing head also allows for increased speed and tighter tolerances. The basic software for the new DigiBraille module can handle up to twelve labels across the web, printing up to twenty-four text lines of Braille simultaneously. The extended software can handle upload of PDF's and XML data to avoid operator programming errors.

A separate camera inspection system is available that can cross-check the printed Braille text image against a master image. If any errors occur, they can be marked and taken out further down the process. 'We continue to improve our technology and the tests made so far have exceeded our expectations,' said the company in a statement. 'DigiBraille makes it now possible to produce digital Braille Inline in printing presses and converting lines with greatly reduced costs.'

## PAPER MADE FROM STONE NETWORK MARKETING

Australia's Network Marketing, a supplier to the printing industry, has unveiled an unconventional new paper made from stone. According to sales manager John Brannan, the new stock prints and finishes like traditional pulp fiber papers but delivers the versatility and durability of synthetic paper.

To be marketed as Stone Paper, Brannan said the new product is suitable for a range of printed material including tags, labels, catalogues, posters and packaging. He described its components as calcium carbonate powder using proprietary adhesives as a bonding agent. The calcium carbonate is collected as a waste material at existing limestone quarries and is ground up into a fine white chalk powder. A small quantity of non-toxic resin is then added and together these materials are converted into a printable substrate. Brannan confirmed that Stone Paper is water resistant, tree free and acid free.

## 2 LABEL APPLICATION DEVELOPMENT AVERY DENNISON

Avery Dennison has introduced a development in label application that will reportedly free package designers to create more distinctive packaging shapes to catch and hold consumers' eyes as they choose products from crowded store shelves.

Avery Dennison's Curve Appeal is a patent-pending system encompassing special Fasson Curvy film labels that work together in a machine application process. This system labels complex curved surfaces far beyond other current labeling processes, claims the company.

'In mere seconds, shoppers make purchase decisions,' said Renae Kulis, Avery Dennison's global marketing director, health and beauty, home care. 'Avery Dennison Curve Appeal allows marketers and package designers to profoundly affect consumers' decision-making. Savvy brand owners can now create a more impactful marketing asset at the shelf.'

The new Fasson Curvy film label combines a wraparound look with the shelf appeal of pressure-sensitive graphics. It creates up to 30 percent more space for primary labeling than current flat surfaces and, because it reduces the need for two-ply label constructions, enables larger back panels to carry more product or multi-language information.

The new application technology enables converters using Fasson Curvy film to deliver improved lay-down quality for large-format and unique label designs. The linear label application equipment is manufactured under license to UK-based Harland Machine Systems, a manufacturer of pressure-sensitive labeling machines.

## INTELLIGENT CORONA SYSTEM VETAPHONE

Vetaphone has launched its iCorona -1 'intelligent' corona treater. The new machine series features a generator set-up which utilizes highly efficient 1GBT controlled resonance frequency power operation. The iCorona-1 offers output sizes from 1-2kw, all based in one single generator cabinet for easy integration into narrow web presses. The iCorona -1 is manufactured on a modular basis for optimum efficiency, and the entire generator assembly can be easily addressed and quickly exchanged if required.

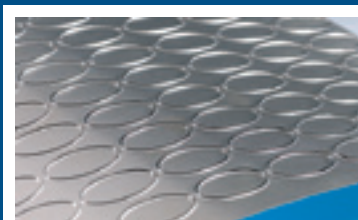




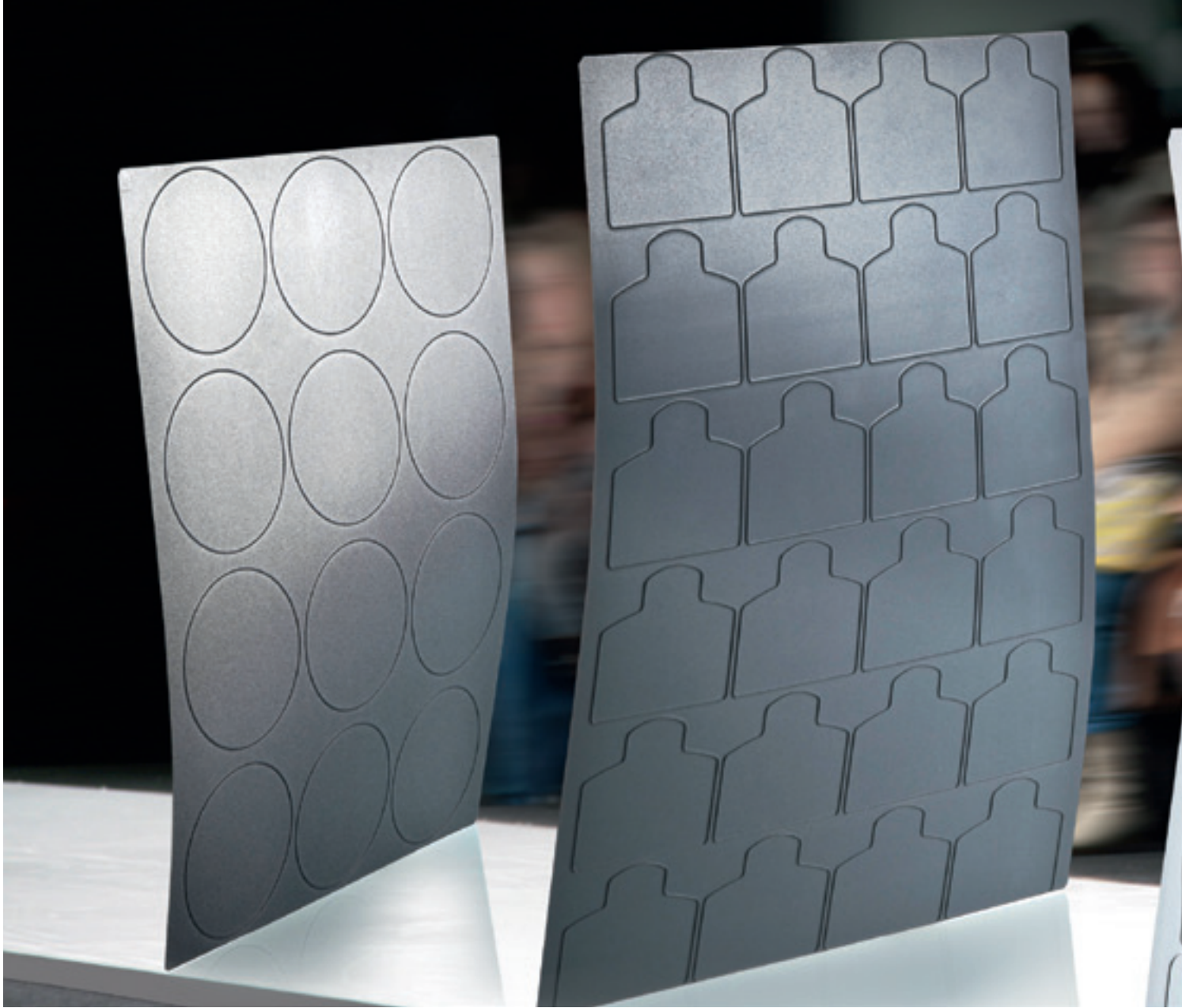
## [Sticky situation?]

There are moments in life when you really enjoy sticky things. But when it comes to die cutting of labels, you would rather avoid any adhesive residues. Good to know that wink provides the solution for your adhesive problems. By using our four non-stick coatings for flexible dies, solid dies and accessories, you always achieve perfectly clean cutting results.

**Just take a look inside our non-stick collection and try our new top models!**



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You cut, *we care.*



## [wink's new collection]

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wink non-stick coatings are always perfectly suited to your cutting tools.

Our four models provide optimum solutions for a variety of applications: **BLACK** for standard labels, **GREY** and **WHITE** for aggressive adhesives (e.g. hotmelt) and multi-layer labels, and **SILVER** with extra protection against ink, which can also be used with other equipment.

**We will be happy to help you choose the ideal coating for your specific needs.**

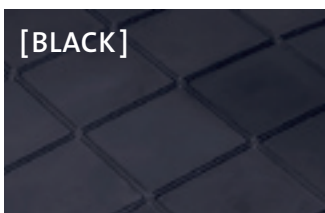


# NON ■ ■ STICK

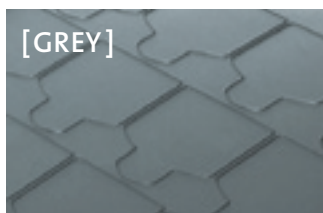


	BLACK	GREY	WHITE	SILVER
Non-stick vs. adhesives	● ● ●	● ● ● ● ●	● ● ● ● ●	● ●
Non-stick vs. ink	—	●	● ●	● ● ● ●
For flexible dies	✓	✓	✓	✓
– with laser hardening	✓	✓	✓	—
– with MC coating	✓	✓	✓	✓
For solid rotary dies	—	—	✓	—
Production time	24 h	24 h	48 h	24 h

[BLACK]



[GREY]

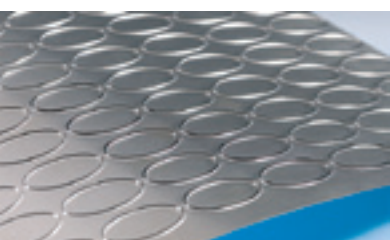


[WHITE]



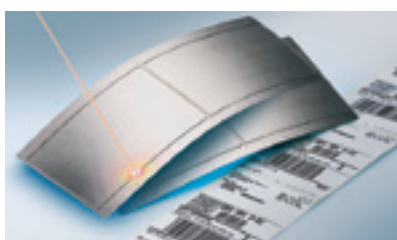
[SILVER]





#### [Flexible MC-coated dies]

Reduce wear to a minimum, especially suited for abrasive thermal materials.



#### [Laser-hardened flexible dies]

Maximum life, especially when cutting through foils or for long run applications.



#### [Flexible dies with non-stick coating]

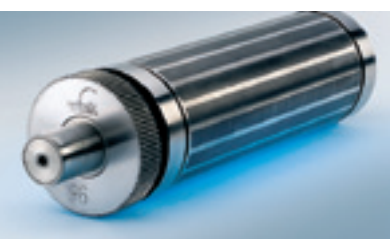
Perfect protection against ink and adhesive residues.

Four variants available for flexible dies, rotary dies and accessories: Black, Grey, White, Silver.



#### [Steel-rule dies]

Base made of tough acrylic, manufactured using state-of-the-art laser technology. Available on request with LT edge blades® especially for abrasive materials.



#### [Magnetic cylinders/bases]

Precision magnetic cylinders and bases to compliment our flexible dies. Special sizes available on request.



#### [Anvil cylinders]

Hardened anvil cylinders manufactured as zero, plus or minus. Special sizes/designs available on request.



#### [Sheeter cylinders]

For the most precise cutting to size or perforating. The wink clamping system allows fast, efficient changing and setting of blades.



#### [Rotary dies]

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### 3 TAMPER-FREE FACE MATERIAL UPM RAFLATAC

UPM Raflatac has introduced a face material for tamper-free packaging. Holo Security is a metalized paper material with integrated holographic effect, which the company says can replace cost-intensive hot stamping on-press, yet has the same advantage of being hard to reproduce. The lacquered face assists a good overprint with conventional printing techniques and thermal transfer.

Holo Security is at its best on sealing labels for luxury and consumer goods packages as well as in logistics and transport applications. An even higher degree of protection can be reached by adding security die-cutting on the printing press.

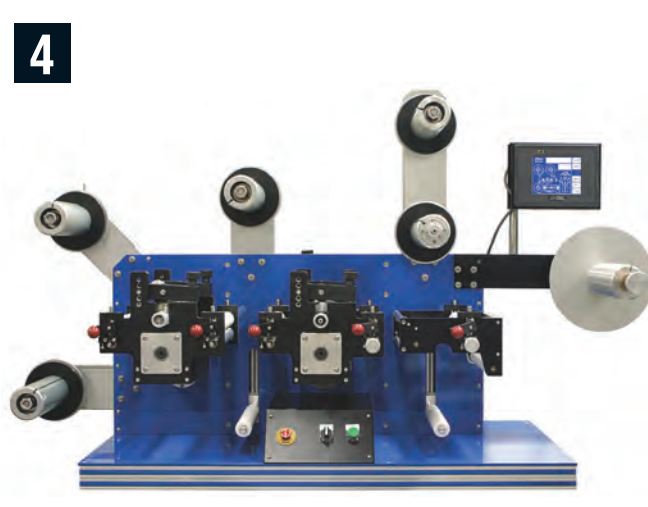
### FREE TOOL FOR CHECKING USE OF PDF VIEWERS VIGC

Expensive mistakes caused by inappropriate PDF viewers are set to become a thing of the past thanks to a free new tool from the Flemish Innovation Center for Graphic Communication (VIGC). The VIGC PDF Viewer Check is a simple tool that lets users know if they are using an inappropriate PDF viewer, or the wrong settings.

The organization developed the tool after its recent testing of PDF viewers prompted a huge reaction from print service providers, with many claiming the costly errors caused by inappropriate PDF viewing tools are a big issue for the industry.

'When we started the PDF viewer tests, we knew we were investigating a problem that most print service providers have experienced at some time or other,' said Eddy Hagen, managing director and trend watcher at VIGC. 'However, when we released the test results we were surprised by the amount of feedback we received. It quickly became clear exactly how commonplace the issue is – some printers claimed they were experiencing PDF viewer issues on a weekly basis.'

The VIGC PDF Viewer Check consists of a one-page PDF which is inserted as the first page in PDF proofs that printing companies and pre-press agencies send to their customers. If the customer uses the appropriate PDF viewer with the right settings, a positive message appears, asking the customer to thoroughly check the proof, together with some points of attention. If an inappropriate PDF viewer is used, or the settings are wrong, a message appears on screen: wrong viewer or wrong settings.



### 4 LABEL FINISHING MACHINE PCM IMAGE-TEK

PCM Image-Tek has introduced the MP850, an 8.5in wide finishing machine designed to laminate, die-cut, slit and rewind digitally printed labels.

The MP850 is an in-line or off-line label finishing system that can laminate and rotary die-cut pre-printed labels produced by any roll to roll label printer. The MP850 die-cuts labels up to 8.25in wide by 9in long at speeds up to 8 inches per second. With an all-electronic set up with an interactive touch screen display, its intelligent rotary die-cutter cuts precisely, adjusts automatically and reduces label waste. The MP850 can also be used to cut blanks, to laminate specialty materials or to slit and rewind stock.

The MP850 uses either engrave tooling or an optional magnetic cylinder with flex dies. It has many features of full size presses, including X and Y adjusters on the cutter and slitter, step up and step down anvil rollers, primary and secondary finished label take-ups and comes standard with a laminate liner take up.

### EXPANDED RANGE OF GREEN PRODUCTS HERMA

Self-adhesive material manufacturer Herma is expanding its portfolio with environmentally friendly products. The company has increased the use of recycled paper for both the liner and the label itself, while also developing a range of PEFC-certified papers.

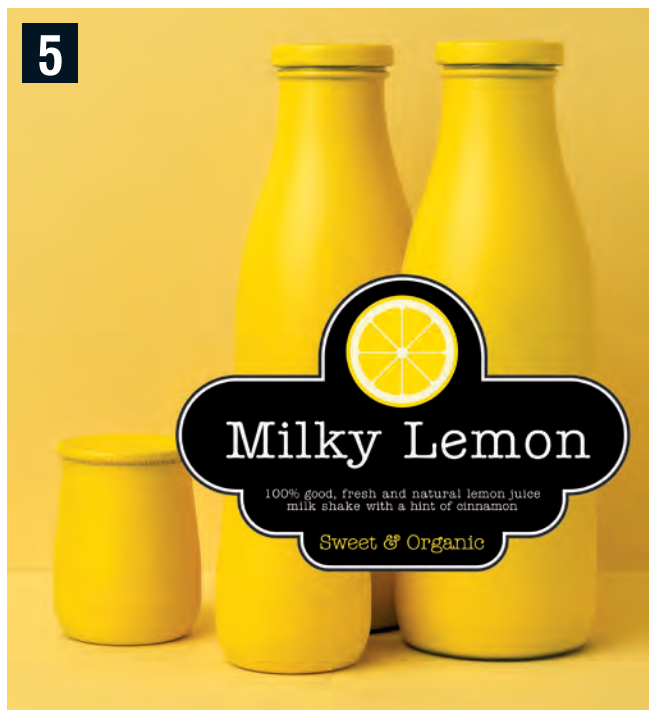
Last year, the company based near Stuttgart, Germany, started its collaboration with the Cycle4Green initiative, which recycles silicone-coated release liner. For the first time, Herma is now able to offer both the liner and the label itself entirely made of recovered paper. The label paper, designated Hermalaser Recycling (grade 167), offers high whiteness and purity without requiring the addition of optical brighteners or chlorine bleach.

'Thanks to special processing of the waste paper, Hermalaser Recycling is practically indistinguishable from wood-free label paper as regards whiteness and appearance,' said Herma's managing director, Dr Thomas Baumgärtner. 'Its processability also compares favorably with that of conventional paper grades.'

The new paper is compatible with both laser and inkjet printers.

# NEW PRODUCTS

5



5

## LABEL AND FLEXIBLE PACKAGING PAPER TORRASPAPEL

Torraspapel, part of the Lecta Group, has broadened its range of one-side coated papers with the launch of Creaset Suit. Specifically designed for color printing of all sorts of labels and flexible packaging, Creaset Suit is a glossy paper with high specific volume and opacity as well as rapid ink absorption that facilitates inline varnishing and subsequent finishing processes.

Creaset Suit's sheet formation and physical properties give it substantial internal resistance and dimensional stability, enabling increased productivity in printing and finishing processes and final application on the package.

All the papers in the Creaset Suit range are 100 percent recyclable, free of elemental chlorine in pulp bleaching sequences, and manufactured at a production site with ISO 9001 quality certification and ISO 14001 and EMAS environmental certifications. The products are also available with PEFC and FSC chain-of-custody forest certifications upon request.

## ANILOX SCREEN DEVELOPMENT TECH CELL

UK-based Tech Cell has developed a new anilox screen configuration called Emerald Plus, an upgrade on its original Emerald cell configuration designed to give high volume release for the UV label, wide web tissue and corrugated markets.

The development uses Tech Cell's own laser technology to advance the cell ink release, allowing an additional 10 percent release on the standard Emerald screen. Printers can therefore increase line counts to up to 2000 LPI while still maintaining high ink release.

6



6

## VACUUM SPLICE TABLE ROTOCONTROL

Rotocontrol has launched the WC70 vacuum splice table as an option on the company's RSC and RSP ranges of slitting, rewinding and inspection machines.

By automatically placing mill-splice/flags, matrix/missing labels and vision detected defects right on the vertical inspection plate for reworking, the operator is only required to leave the rewind zone to change the master roll. The vacuum and mechanical clamping system holds the material in a vertical position at eye level directly in front of the operator, 'assuring perfect splices for finished rolls every time', says the company.

Manohar Dhugga, Rotocontrol's field applications engineering manager, said: 'With over 15 years of engineering and field service experience, I can attest to the value of the vacuum splice table option, specifically the ergonomic benefit it provides the operator of the finishing machine. The waste rewind retracts after use to allow full access to the slitting system, enhancing operator efficiency.'

## NANO SERIES OF DOCTOR BLADES PRIMEBLADE SWEDEN

PrimeBlade Sweden has unveiled new range of doctor blades which employ nanotechnology to optimize the properties of the blades' Swedish-refined steel.

PrimeBlade 900 Nano has been developed together with partners in nanotechnology to find the best solution to treat different steel qualities for optimizing properties and performance.

'The idea behind the product was to develop a doctor blade with increased life time, reduced friction and increased printing quality, without using the ceramic and nickel coatings that are used today and with the side effects this can have on the environment and other issues,' said the company in statement.

The first product to be introduced to the market, after approximately six months of testing with flexo and gravure printers in Europe, is PrimeBlade Nano I. It's a patented metallurgic-treated steel blade which will extend blade life in non-ceramic coated blades in both flexo and gravure applications.



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# INSTALLATIONS



STRATUS Group's new inspection rewinders are part of a 10 million euro investment program

## TWO ABG OMEGA INSPECTION REWINDERS STRATUS GROUP (FRANCE)

AB Graphic International has sold two 430mm wide Omega VSR inspection rewinders to France-based label converter Stratus Group. The machines were supplied through French subsidiary AB Graphic Sarl and are part of a 10 million euro investment program that will enable Stratus to increase production efficiency and reduce lead times.

'We already have three Digicon label converting lines from AB Graphic International installed at our Limoges facility and have chosen to standardize our label inspection process with equipment from this reliable and well established company,' said owner Isidore Leiser. 'It was important for us to have two VSR models with similar specifications. This gives us the ability to switch work from one machine to the other so we always have back-up possibilities. We have been able to increase production speeds and can now offer customers even faster delivery times. In the face of rising energy costs and environmental pressures on packaging, we also decided to have both VSR models equipped with LED stroboscopes. These use less power and will help in reducing our carbon footprint. AB Graphic Sarl also supplied us with our new Nilpeter presses.'

## SUCCESSFUL BETA TEST OF DURST TAU 150 OMNILABEL (NETHERLANDS)

Omnilabel BV of Dalfsen in the Netherlands has been confirmed as the first converter to take delivery of the new Durst Tau 150 UV inkjet label printer. The machine was installed last year for Beta testing and six months later Omnilabel says it is 'delighted' by the performance of the Tau.

Omnilabel was established in 1997 by leading Dutch packaging converter Eshuis to provide small and medium volumes of printed and blank labels. It still provides labels to Eshuis, but now that only represents a small part of the business, with most coming from a large number of private clients.

Michiel Smudde, managing director, said: 'Printing of blank labels still represents about 70 percent of our business but we are always looking to invest in new printing technology that will help to improve the service we provide and help to add value to the products we supply. The increasing demand for short

**LABELS&LABELING**

runs has led us to evaluate various digital inkjet label presses to find the best possible option that would fit our current requirements and also offer good potential for future growth.

'The Tau 150 was the best solution. Apart from its ability to provide very fast turn round of the highest quality, the Durst UV ink also offers excellent color retention and allows for outdoor applications. The Tau has proven to supply a good entry into potential new customers and has already been responsible for us winning several new contracts. One example is for labeling flowers for outdoor display at a major chain of garden centers and another is for a milk producer who is about to launch the largest European brand of butter. The Tau enabled us to print sample labels of the butter from a PDF supplied by the customer whilst we discussed the project with them. Instead of taking three days to create proofs of the labels, it took us just a couple of hours. The customer was so impressed by our response time and quality of the samples that we were immediately awarded the contract.'

Smudde says that Omnilabel continued to grow throughout the recession period and expects to continue that growth over the next 12 months. 'We believe that the Tau 150 is responsible for actually speeding our growth whilst helping us to add value to the products we supply. Currently the factory is operating three shifts a day to meet the current demand.'

The Tau 150 features Durst's proprietary single pass technology and covers web widths from 10 cm to 16.5 cm and utilizes liquid UV ink technology. The system prints at speeds up to 50 m/min and delivers an apparent resolution in excess of 1000 dpi, utilizing grayscale inkjet print head technology from Xaar.

## GALLUS ECS340 LABEL PRESS LABEL PARTNERS (AUSTRALIA)

Recently established Adelaide-based Label Partners selected a Gallus ECS340 label press and Prati Saturn rewinder inspection machine for its initial plant line up, according to Gallus Australia managing director, James Rodden.

'Gallus' latest flexo technology uses less power,' said David McCloud, CEO of Label Partners. 'With the makereadies we average about 15 minutes. The amount of waste is extremely small – compared with most presses, it's unbelievable.'

James Rodden added: 'For labels with limited finishing requirements in commodity applications like food and pharmaceuticals, substrate costs can account for up to half the label's cost, so the waste produced seriously affects the job margin. Gallus has designed the ECS 340 for maximum waste reduction, with the web length measuring just over 11 meters for an eight-color machine.'

## MARTIN AUTOMATIC ECP SPLICER KELLER CRESCENT (USA)

US-based pharmaceutical label and packaging converter Keller Crescent has installed an ECP splicer from Martin Automatic at its Greensboro, North Carolina, facility. The splicer provides non-stop unwinding to a new Muller Martini Alprinta offset press. The new press and splicer are used to print literature for pharmaceutical packaging.

Keller Crescent runs Martin splicing equipment at another of its US facilities, but this is the first splicer for the Greensboro plant.



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# Safeguarding investments: Mergers and acquisitions

**IF HANDLED CORRECTLY**, mergers and acquisitions can be the quickest and most sustainable way to grow your business. Bob Cronin, The Open Approach, outlines five secrets to a successful integration

There's a saying in the mergers & acquisition business that  $1 + 1 = 3$ , implying that a combined entity is greater than the sum of the parts. But this is true only if the integration is executed shrewdly and with the strategic vision the deal was founded on. Certainly, there have been some M&A disasters: Mergers that didn't quite make sense; purchases that nearly bankrupted the buyer. Perhaps you've even seen your own competitor's effort go awry... and then patted yourself on the back over not ever doing a transaction.

But the fact remains: M&A is the quickest, most sustainable

means to grow your business, markets, customers, and profits. You don't need to be a label mammoth or a household brand. It's an initiative in your arsenal at any time. You can engage in an M&A endeavor and forever change your outlook and possibilities. But, integrations must be executed wisely.

Large or small, the extra +1 results from creating real and tangible synergies – in performance, production, and sales ability. From reducing your overall cost structure and breakeven, to exploding your sales opportunities... You, as the savvy entrepreneur, have the power to build the most

amazing entity. But even the marriage of perfect matches does not guarantee a perfect result.

So what ensures an effective integration? Though there is some variance based on market specifics, there are common themes. Here are the top five secrets to success:

### 1 PREPARE A DETAILED ROADMAP FOR ATTAINING SYNERGISTIC VALUE

Hopefully you chose your acquisition for reasons beyond 'it was a great deal.' Buying on price rarely produces a blockbuster.

The Cornerstone or acquiring company needs a plan for itself and the new organization it is about to become. Your business grew steadily over time and thus had some leeway in making mistakes, making adjustments, and refining itself. But with an acquisition, you grow exponentially – perhaps even double your size – in a week.

Ask yourself the following: What do you envision for the new company? What are your expectations from it in three years? What markets/products/services can (and should) you expand into? How can I use the combination to bring a unique value to the marketplace? Get a clear picture of the goals and image of the new enterprise and then develop your plan.

### 2 INVOLVE EVERYONE IN THE ORGANIZATION IN YOUR STRATEGY

Set goals for everyone and everything in the deal. If you plan it, measure it, and monitor it, you are more likely to succeed.

One of the biggest risks in M&A is the unknown impact of your people and their reactions. By making them part of the process with clear roles, objectives, milestones, and accountability, the steps you do take will be best understood and embraced.

### 3 IDENTIFY AND ELIMINATE ALL THE OVERLAPS

Economies of scale are one of the greatest benefits of an M&A deal. Depending on the size of the transaction, you can typically lower overall purchasing costs. Consumables such as label stock, inks and solvents, plates, are obvious ones. You'll also want to look at your bindery/finishing arrangements, shipping carriers, phone services, personal protective equipment, and industrial supplies, as well as your healthcare plan, training expenses, and other HR-related items. If you spend money on it, you can save money on it. Outside suppliers are often willing to negotiate even contractual pricing for an opportunity at a bigger dollar.

A merger will also likely result in headcount reductions. This is an action

that needs to be assessed wisely and may not be immediate. By involving everybody in your strategy (per #2), you will get a better idea of your intellectual assets, and know where the overlaps are. Rather than simply choosing same-name positions and eliminating one, some of the best companies recreate entire job functions and title structures, reassign people, and build a new team ideal to the new company and its trajectory.

### 4 EMBRACE BOTH CULTURES, AND THEN DEFINE A NEW ONE

Ironically, many owners don't understand their own corporate culture. Thus, taking on a new entity and all its 'charm' can wreak havoc. Before you sign on the dotted line, take the time to know the idiosyncrasies of the company you are acquiring – how they approach operations, customers, pricing vs. solutions, quality, interaction, working environment, and more. There are many styles, approaches, and methods of directing a business. Not all of these are compatible with how you've built yours.

Likewise, other cultural elements such as team-oriented value concepts or R&D philosophies may be just what your organization needs. But cultural shifts take time and patience. You need to earmark resources and leadership to drive the adaptation. Ensure you have management staff assigned to this

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objective, who can assist in meshing the cultures together and ensuring success.

## 5 BUILD THE CUSTOMER INTO YOUR MODEL

Many a good idea in M&A fails because the customer does not understand or see the value in it. What you see as the ability to enhance services and profit margins may appear to your customer as a problem. And if not aptly communicated, your customer can envision your transaction as simply a move to grow wealth – or save a dying company. Either way, you look out of step with their motivations.

Label and print companies in general often lack a true marketing function. The top sales person adds “marketing director” to his/her title, and that’s that. Firms rely on their reps to bring company news to their buyers, and in turn, send multiple different messages to the marketplace. In the case of an M&A effort, reps can be worried about losing their positions or accounts, and give the story their own twist or even backlash.

You need a formal campaign articulating the benefits of the deal to the customer. And you need to be consistent in your strategy across different media. Certainly, e-mails and your own website are cost-effective starting points, but you may want

to produce a bigger promotion, memorable print campaign, or engaging social media strategy. Remember that the point of your M&A transaction is to grow your business, so to be most effective, you must focus on bringing the new company to market – and reaching into your new target audiences.

Having been involved with numerous integrations for companies I’ve led or consulted with, I know there are additional issues. These five, however, should put you in a good position for handling the immediate fires. From there, stay focused on delivering differentiators that knock out your competition. And don’t forget to build these into a solid marketing plan. Too many label and print companies assume a standstill in creative, marketing, and public relations functions, since they find themselves so close to it. This, my friends, has contributed to the demise of some of our best and brightest.

M&A is a unique opportunity to build and/or redefine your company and propel your growth. But the key is in proper integration. Larger companies often have full-time people who handle the details. If you’re small and don’t have the in-house expertise, don’t be discouraged. There are many proven integration consultants out there who can ensure you get the ROI you’re looking for.

This economy has been both a battleground and prime territory to exert your competitive muscle. The field is clearing, and the pathways to M&A continue to widen. Your opportunities today are more affordable than they ever have been. But figure an integration plan into your strategy. It’s not another tedious action item; it’s the key to ensuring the optimal return on your M&A investment.



### ABOUT THE AUTHOR

Bob Cronin is managing partner of The Open Approach, an investment banking/M&A firm focused exclusively on the world of print. The firm's proven results have made it the exclusive member-recommended firm of PIA/GATF and IPW. For more information, visit [www.theopenapproach.net](http://www.theopenapproach.net), email Bob Cronin at [bobrcronin@aol.com](mailto:bobrcronin@aol.com), or call +1 630 323 9700.

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# Japan's shockwave spreads

**CAROL HOUGHTON** looks beyond the obvious human tragedy at the global impact of the Japanese earthquake and Tsumani

In March the world watched as stories of devastation emerged from Japan after an 8.9-magnitude tremor struck off the coast of Honshu island, triggering more than 50 aftershocks.

The earthquake highlighted the vital role Japan has in the global supply chain. When the world's third largest economy suddenly stopped exporting a wide range of industrial goods, the impact was felt immediately across industries worldwide.

The disruption to the supply chain highlighted how limited supplies of just one part can halt whole production lines. This effect was felt hardest in electronic components and car parts.

Japan is the world's largest supplier of silicon, which is used to make semiconductor chips. Most of the country's electronic component producers operate far south of the epicenter, so their facilities experienced little or no damage. However, they faced problems with shipping components, receiving raw materials and getting staff in to work. Power shortages slowed production and caused disruptions in operations. Banri Kaieda, economy minister, said Tokyo Electric Power (TEPCO) would be short of 10m kilowatts a day. To prevent a major blackout that could cause further damage to the population and economy of Japan, Prime Minister, Naoto Kan authorized a programme of planned power cuts. Shortages of key electronic components caused prices to increase, particularly after inventories of semiconductor parts began to run out.

In the pharmaceutical industry, most production facilities reported only minor damage and were able to continue their operations. However, damage to the transportation network disrupted product distribution. A new policy was put in place to allow pharmaceutical and medical supplies to be shared between facilities in affected areas, making it more important than ever to trace the origin of such products. Serialization effectively prevents counterfeits from getting into the distribution channel whilst RFID technology and barcodes provide a way to quickly locate and deliver supplies.

Roland DG, with its Japanese subsidiary based in Hamamatsu

– about 250km to the south-west of Tokyo – reported little damage and continued operations as normal. CEO at Roland DG Benelux, Eli Keersmaekers said all staff members were safe and the production plants were spared. 'That is a big relief for us, but the events in Japan remain horrifying.'

Mitsubishi Paper Mills (MPM) plant in the Aomori region was flooded by the tsunami, causing severe damage to the electrical system and forcing production to stop. The company planned to resume operations from the end of April, with one-by-one start up of power plants. The company's seven paper machines and three coaters began production again, one at a time, in mid May. In a statement, the company said 'MPM appreciates the understanding for the situation and inconvenience to customers, suppliers and other stakeholders.'

In the longer term a wide range of end user products could be affected, particularly consumer electronics and machine control systems, and this will impact both label converters and the industry's machine suppliers.



# DIGITAL





# OR NOT: THAT IS THE QUESTION

**DANIELLE JERSCHEFSKE** reports exclusively on Karstedt Partners' digital print Commercialization Assessment Report (CAR) for the Narrow Web Label sector

Karstedt Partners LLC is a consultancy and research firm specializing in helping consumer product companies, packaging converters, equipment and consumable suppliers to understand the value and challenges of digital printing for packaging. The company's digital print Commercialization Assessment Report (CAR) was completed in cooperation with Michael Ferrari, president of Ferrari Innovation Solutions, who brings over 30 years of product packaging experience at The Procter & Gamble Company and a genuine passion for innovation.

Over the last five years digital printing has made a noticeable impact in the global label converting industry. An estimated five percent of the world's label jobs are already printed digitally, and according to Mike Fairley's Digital Label Printing: A 'How to' guide, digital print is growing at a rate of 36 percent a year.

## ACTIONABLE INTELLIGENCE

The CAR of digital print for the Narrow Web Label Sector comes with a proprietary spreadsheet called the Investment Value Assessment Tool (iVAT) which provides interactive calculation of a particular digital technology when evaluated with and against conventional operating parameters such as cost, price sensitivity, product mix, equipment and more. This tool allows the converter to formulate multiple 'what if' scenarios with their own operating values and volumes to see what impact a digital asset plugged into their business would have. The iVAT comes preloaded with industry averages of the various processes – flexo, offset, gravure – and has the ability to compare across multiple digital technologies. It also has a forecasting tool to allow plug and play adjustment of sales revenues and an ROI action model.

But there remains confusion amongst converters and the supply chain as to the real value of digital print. 'Actionable information' is required if label converters are to make a sensible interpretation of the digital value proposition, according to Kevin Karstedt, CEO of Karstedt Partners.

The CARS report provides descriptions of the many digital technologies available, applies real brand owner input to the value equation and includes calculation tools for converters to make a personalized assessment of how digital could affect current and future business. The report is unbiased to any printing technology – digital or analog.

## DISRUPTIVE TECHNOLOGY

Michael Ferrari describes digital print as a 'disruptive technology' because it has the potential to completely change the way brands interact with consumers.

'Digital printing allows a brand owner to communicate with today's consumer by maintaining relevancy with the latest trends or current events. The ability to change graphics and to print variable data text means that different codes can be placed on packages to create new mobile shopping interactions. These codes can connect to online websites that create different consumer experiences.'

Digital printing fits well into the modern supply chain and the need to simplify complexity, improve speed-to-market, limit tied-up assets, be more sustainable

and reduce cost. Front-end technology from software suppliers like Tailored Solutions, Radius and Cerm allow converters to streamline their internal processes with the potential to increase margins.

'I far too often hear converters hesitate about getting into digital printing,' says Ferrari. As the conversion continues, digital printers grow stronger and establish relationships and it will be very difficult to regain lost contracts.'

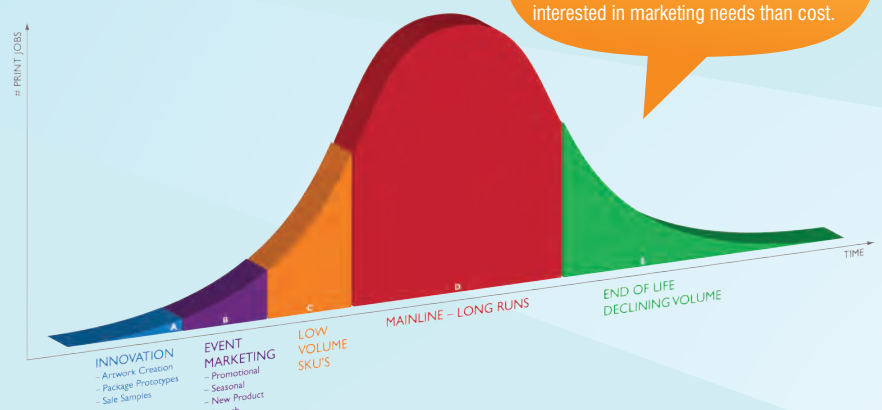
Ferrari says digital printing will make its way to market even if it means going around current print solution providers.

The report does not predict the demise of analog printing. The widespread use of digitally controlled servo drives in modern presses and the introduction of HD digital printing plates have increased the flexibility of conventional presses and allowed flexography to challenge offset and gravure. All of this points towards a combination analog-digital printing platform offering a high degree of flexibility.

This is the first CAR for digital print to be released by Karstedt Partners. The firm will roll out a suite of similar reports for flexible packaging, folding cartons and corrugated over the course of 2011. It will also produce a report geared towards educating brand owners on the status of digital print in the wider packaging world.

**CURRENT** digital print is targeted at sections ABC&E, all of which are controlled by the brand manager. Segment D shows long-run SKU work over 250,000 labels, an area controlled by procurement. Digital print succeeds where brand owners are more interested in marketing needs than cost.

## PACKAGE LIFE CYCLE





## DIGITAL PRINT FOR LABELS: A BRAND OWNER PERSPECTIVE

MIKE FERRARI OF FERRARI INNOVATION SOLUTIONS speaks to Danielle Jerschefske about digital printing and the release of Karstedt Partners' report on the technology in the narrow web label sector

THE Commercialization Assessment Report of digital print for the Narrow Web Label sector found that digital printing currently accounts for five percent of all label jobs globally, with the possibility of gaining as much as 40 percent of jobs in the near future.

**L&L:** What problems does a CPC have that can be solved by digital printing?

**MF:** Real world connection with the virtual world; the ability to conduct ecommerce; limited edition offerings; mass customization (seasonal, regional, cause and promotional) and personalization.

**L&L:** Looking to the future, what do you believe digital printing will mean to label converters and CPCs – both small and large?

**MF:** Digital printing for the label converter can allow rising above being a commodity printer, which is the case with analog today. Purchasing organizations differentiate printers through cost as the key metric. Printers that have moved into digital printing can offer the marketing and design organizations a value added proposition. Digital printing is changing the game for printers to provide a revenue growth solution. In the future digital printing will no doubt continue to improve in capability, as all disruptive technology journeys do. I do believe digital will eventually take over the marketplace. I say this with some confidence as the trend of 'mass production' is changing and giving way to 'mass customization'.

**L&L:** What is the best way for label converters to educate brand owners on ways to use digital printing to engage consumers?

**MF:** I have seen successful converters educate the marketing and design organizations within CPCs, sharing with them 'what's possible'. I have seen several approaches that reach beyond the purchasing departments – converters hosting events with an agenda appealing to marketers, converters attending conferences where marketers/designers go, converters having marketing departments so to speak the language of the CPCs. I do know that many digital printers have grown double digits during the worst recession in the last three years, while analog printing has contracted.

**LABELS&LABELING**

**L&L:** Disruptive technology means change, which is scary for most. What do you foresee happening to label converters who fail to properly evaluate the various digital technology options?

**MF:** I hear all too often, 'I know I need to get into digital printing, the question is when?' Such hesitation at the converter level will mean they remain longer in the analog printing world that purchasing departments reign through RFP's. Competing on price is a downward slope that shrinks margins and leaves converters weak. Contracts can be lost as the conversion to digital speeds up, meaning that digital converters will get stronger and create new relationships with CPCs. It will be very tough to gain accounts back if a converter moves into digital printing late. It is far easier to keep clients than to win them back. We will see the laggards of the converting industry lose and close their doors.

**L&L:** Why is it so important that the label and packaging market remembers that digital printing is more about value than volume?

**MF:** It is important for two reasons:

1. Digital printing can do a lot (better, faster, cheaper and more sustainable) and grow revenue
2. It's important to take hold of this so to change the game and rise above commodity status.

**L&L:** What could happen to digital printing if CPCs do not value its capabilities?

**MF:** In the last 12 months I have observed small CPCs adopting digital and 'leaning forward', practicing new business models. Several large global CPCs too are using digital printing to engage consumers and grow revenue – companies like L'Oreal, Coca Cola, Heineken, Wrigley, Bath & Body Works and Estee Lauder. Digital printing is getting more attention now.

**L&L:** The report finds that CPCs view digital print as much more than a technical process, but rather a more encompassing tool to achieve a multitude of goals. Can you expand on this?

**MF:** During my career at Procter & Gamble we focused on consumer needs and revolved all else around this central interest. We used metrics against the following categories; better, faster, cheaper and more sustainable. These are important parameters not only to P&G but all CPCs. If converters are only speaking to purchases they will have the emphasis on only one of these four categories. I do not want to make purchases a



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villain, but cost is what they are responsible for and rewarded against. Therefore, label and packaging converters do not often see the whole picture of what is important to CPCs because of the one sided conversation they are having.

Sustainability is only now coming into the fold as CPCs are starting to give their suppliers sustainability scorecards that are in line with those given to CPCs by Walmart, Target, Tesco and others two – three years ago. The fact is that a digital package print supply chain can deliver on three of the four categories against every job vs. analog; better, faster and more sustainable. Digital printing can in many cases deliver a cost saving depending on the SKU mix. That is a powerful improvement across different category levels.

**L&L:** When it comes to fulfillment, brand owners are increasingly looking to speed a product's time to market. Can you talk about this with regard to conventional versus digital production?

**MF:** We are beginning to see very different supply chain models starting to emerge in this new age. A long tradition has been that CPCs owned their packaging assets and purchased printed package materials to run on their lines. Recently we have seen some CPCs move to contract packing models where they do not have assets tied up. As such they are agile and can produce more offerings more quickly. Digital printing fits very well into this new trend. Contract manufacturers have become the way for CPCs to produce many more SKU's without complicating their world or making a large capital investment. Some have purchased digital print presses and others have partnered with digital printers. Method is competing with Procter & Gamble and gaining access to the critical middle shelf, and Bath & Body Works produces numerous SKU's and they are able to provide these offerings all through contract manufacturing. I expect to see more of this external supply chain in the future.

**L&L:** Can you talk about the digital front-end and how this makes differentiation possible?

**MF:** With digital printing comes a digital front end. This means that software allows for a more seamless web to print arrangement. Print orders can be placed either from a storefront in an ecommerce situation directly to the digital press. Or in the traditional model CPCs can order digital printed packaging materials online and orders are passed along to converters and to the press. This is a true digital workflow. Post press varnish and decorating techniques are all that remain in analog.

**L&L:** Do you see digital accounting for bigger scale work and longer run lengths?

**MF:** Digital printing has already proven feasibility and value creation at long runs. This requires a mindset of investing in packaging. It may cost more for a very long run, for example over 250,000 digitally printed impressions. But for some consumer product companies that have made this journey are finding revenue growth of three percent. Such revenue growth is very worthwhile when comparing the relatively small upcharge digital printing might add. Consumer product companies examining the best in class case studies and willing to leave behind their legacy approach to engaging consumers will be the early adopters.

**L&L:** What are the implications of more digital print providers entering the market place?

**MF:** CPCs are identifying brands and sometimes SKUs to convert to digital printing to produce more customization and even personalization. This trend is global. CPCs are constantly asking who are the best in class digital printers and this means a shift to fulfillment houses and new digital converters, creating new relationships.

# Minimum Waste

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"CPCs are identifying brands and sometimes SKUs to convert to digital printing to produce more customization and even personalization"

**L&L:** The label industry has experienced a rising tide of global consolidation in the last seven months. How does digital printing and its potential relate to this industry development?

**MF:** CPCs with global brands will really benefit from digital package printing. Compare what happens today. A CPC produces artwork and needs to fingerprint presses in all four regions, conducts color separations in all four regions, makes print tools in all four regions and purchases ink that does not have a global standard and uses print presses of different vintages and dependent on press operator skill. It requires much effort to achieve a consistent look and equity colors that match with such a process, including paying four times for the preparation services. All that goes away with a digital global supply chain. The digital presses are computerized and not skill based. Electronic files are sent around the world and inks for digital presses are consistent as they come from single sources. Global launch of upgraded graphics or new products is greatly simplified with high probability for consistency and repeatability. Global brands will benefit greatly when they realize this potential.

**L&L:** How can digital printing help brand owners communicate better with the modern consumer? How does this relate to the opportunity for interactive packaging and mobile shopping?

**MF:** A digital printing supply chain allows brand owners to maintain relevancy with the latest trends or current events. The ability to change graphics, much like sending a file to a desktop printer, can make seasonal promotions seamless. The ability to print variable data text means that different codes can be placed on packages to create new mobile shopping interactions into different online websites that create different consumer experiences.

**L&L:** Most of the industry is familiar with the term 'First Moment of Truth' accredited to P&G. You've been using the term 'Zero Moment of Truth'. What does this mean?

**MF:** In the last 10 years, CPCs have scrambled to compete effectively at The First Moment of Truth. However, shoppers have changed the way they are influenced. It used to be that 70 percent were influenced by television and brought into stores. Since the emergence of social media, this has changed significantly. Consumers are on the go in the virtual world: two thirds of the world is online; there are 5 billion handheld phones in the world. People get their information from blogs, tweets, their Facebook 'friends' and YouTube. The term 'Zero Moment of Truth' reflects the change in influence of a consumer from the TV to all of these other media resources before they even enter the store. The First Moment of Truth is still relevant, it's just that navigating social media is a new step. Successful CPCs will understand that people live in a virtual world as much as they do in the real world. This is an opportunity for CPCs to bring the level of their packaging to the level of the internet. The winners in this battle will leverage the power of working between the two worlds. They will continue changing labels and packaging to maintain relevancy, and will continue the virtual conversation in the real world on the package.



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# DIGITAL REVOLUTIONIZES BRAND MARKETING

**MIKE FAIRLEY** reviews the way digitally produced labels are now changing the way brand owners are looking to sell and market their products and enhance the shopping experience

There can be little doubt that the label industry has been undergoing a fundamental change in the way it manufactures and sells labels – whether in pre-press and platemaking, in press design and processes, in how it manages workflow, in inspection technology, and, indeed, in terms of the environmental impact of labels.

At the core of much of this change has been an explosion in digital technology; not just in digital presses printing by the electrographic and inkjet processes, but digital in terms of the whole label order-taking, planning, preparation, printing, inspection and finishing processes.

Essentially, there has been something of a revolution in the world of labels, driven by technology moving forward and label users demanding a whole host of innovative solutions that will enable shorter runs, quicker response, reduced lead times, higher quality, more variations and versions and solutions that will help to drive down label costs or add-value to the printed product.

Digital technology is also going beyond the scope of traditional label converters and taking them into new solutions that enable the converter to transmit label job files around the world, to send proofs electronically and digitally to customer desks, to create virtual images of labels on bottles or packs and on retail shelves, to plan pallet loadings, to personalize individual labels and much more.

However, it is undoubtedly the rapid growth in the number of installations of digital label printing presses within the worldwide roll-label industry over the past seven or eight years that has really begun to revolutionize the way that labels are produced and used. Since 2003, when HP Indigo and Xeikon brought out their first new generation industry-standard models, well over 1,200 digital label presses have been installed, not just in Europe and North America, but in India, China, the Middle East,

Australia, New Zealand, South America, South East Asia and South Africa.

Such a global presence of a new technology in such a short period of time is probably unprecedented in the label industry and says much for what digital presses have been able to bring to self-adhesive label production and usage. Certainly, as run lengths have shortened, traditional litho and flexo have sometimes appeared to struggle to meet the changing needs of label production.

Digital printing technology is well suited to these fast turnaround requirements, short deadlines, short run lengths, inventory minimization and waste reduction. 'With brand managers cutting not just production costs but also inventory costs and waste,' says Jan De Vooght, Agfa's global sales director for its Dotrix industrial inkjet press. 'It is no longer a case of "make then sell". The speed of digital press technology means that 'sell then make' is fast becoming the new philosophy.'

While digital label printing has achieved most success to-date in some of the more specialized and shorter-run applications such as for on-demand production of pharma labels, for many wineries, for event or season-dependent short-run food labels, for some personal care products and for industrial applications, it is now on the brink of a major explosion in demand as global brand owners increasingly evaluate the marketing opportunities that digital can bring.

'Forget just printing,' adds De Vooght, 'digital press technology now enables endless print possibilities that are simply not financially practical with litho or flexo. A digital press easily handles late design changes and is the natural choice for short/medium run lengths due to the simple workflow and plateless approach. With a digital press it is simple to co-brand packaging with the name of the retail outlet or the name of





THE AGFA DOTRIX industrial inkjet press

a special promotion. It is a proven way to gain extra "presence" in the battle of the shelves and increase sales.'

This brand message is also emphasized by Alon Bar-Shany, vice president and general manager, Indigo Division, HP. 'Today's brand managers are looking for ways to add value and differentiate their brands. HP Indigo digital printing, with print quality as good as or better than flexo, enables brands to be quickly and easily refreshed and labels and packaging adapted quickly for seasonal promotions, special events or even language versions. Many brand managers have also discovered the benefits of using digital printing for prototyping and market trials, where cost-effective test products may be produced on final substrates.'

A new Commercialization Assessment Report for the narrow web label sector by Karstedt Partners also identifies 'the significance of digital print to consumer products companies (CPCs) with its capacity to streamline the process of reaching the consumer in a new way on the store shelf, while at the same time alleviating resources that can then be reallocated to nurturing the ensuing customer experience through such modern channels as social media and interactive packaging schemes.

'The fundamental drivers for digital adoption have increased in the last few years and the drivers will only continue to gain strength, particularly when it comes down to reaching the consumer and making the sale.'

In the report, Michael Ferrari, president of Ferrari Innovation Solutions – who brings to the industry over thirty years of product packaging experience at The Procter & Gamble Company – describes digital print as a disruptive technology because of the various solutions it can provide a CPC. 'It's not just about the printed product,' he says. 'One of the most difficult tasks of a brand manager today is reaching the consumer.

'Digital printing allows a brand owner to communicate with today's consumer by maintaining relevancy with the latest

trends or current events. The ability to change graphics and to print variable data text means that different codes can be placed on packages to create new mobile shopping interactions. These codes can connect to online websites that create different consumer experiences.' Talking to Labels & Labeling, Ferrari believes we are now moving from an era of mass production to one of mass customization. 'The internet and social media are changing our world and part of our everyday lives. Shopper behaviours are being transformed while digital printing capability is quickly increasing. The power of the virtual world and the packaging world are colliding, enabling new business models. Best in class case studies will bring to life how mass production is shifting to mass customization. Will the label industry be ready?'

Certainly, brand owners today view digital as a far more encompassing tool than just print, with many potential mainstream end-users evaluating its acceptability for their markets. Digital printing undoubtedly fits well into the modern supply chain and the

need to simplify complexity, improve speed-to-market, limit tied up assets, be more sustainable and reduce cost.

Add the latest MIS front-end opportunities from software suppliers like Tailored Solutions, Radius and Cerm, and converters can now re-align and streamline their processes to better suit end-user demands and offer the potential for both converters and end-users to better manage their business expectations and to increase margins. It is easy to see why.

Today, customers no longer need to order 20,000 labels if they only require a few thousand, and they no longer need to keep excess stock. Instead, they can just re-order labels in short-runs at any time and be confident of a quick turnaround and delivery – a crucial requirement for many retail customers who need to order labels to promote the latest campaigns at short notice.'

'More and more print buyers are just buying what they need for the coming month rather than committing to a yearly volume', says Jordi Grau, executive director at MDP, a leading supplier of



DURST TAU 150 digital UV inkjet narrow web label press



XEIKON'S 3050 digital label press

label printing equipment in Spain and Portugal, that has recently expanded its portfolio to include Xeikon digital label presses. 'This reduces their working capital and provides much more flexibility in product decoration.'

Put together, all the feedback and comments from industry leaders, print buyers and brand owners is that they are now coming to realize that digital printing is no longer just about print. Nor is it just about competing with conventional analogue label presses. Digital printing is a technology that has the potential to revolutionize the way product manufacturers, brands owners, small and large businesses, etc, organize and run their operations, manage their supply chain, improve time-to-market in the future.

On route to achieving this label user revolution, digital printing is also creating a revolution in the label industry – with new technology solutions, new ways of working, and different label converter business models. Digital increases the market for labels, enables the economic labeling of products that were not previously feasible with conventional printing, and offers the capability of providing totally new services that, in turn, generate additional income and growth for the label industry.

So where does digital label printing stand today? Well, there are close to 1,500 digital label presses already installed worldwide; more than 250 installations are expected to be made in 2011 – equating to around 17 or 18 percent of all new label presses installed in the year – and with digital print now

in excess of six or seven percent of all labels printed by volume; significantly higher by value.

While most of the initial installations were of electrophotographic presses from either HP Indigo or Xeikon, the last few years have seen an increasing number of UV inkjet installations led by EFI Jetrion and Agfa Dotrix and, more recently, by newer players such as Durst, Domino, Stork Prints and others. Indeed, there are now well over 30 different makes and models of inkjet label presses in the market.

Add to that the increasing success now being found in the installation of combination analogue/digital presses, such as the Nilpeter Caslon, and it can be readily seen that digital is undoubtedly here to stay.

New developments in digital label press technology will only help to increase the rate of digital press installations in the world of labels. Digital label presses are getting faster, they are getting wider, they are getting better resolution and performance, they are being enhanced by ever-more sophisticated front ends and workflow solutions. LED-curing of inkjet will also open up new opportunities.

However, at the end of the day it will be the big brand owners and label users that dictate the ultimate success of digital label printing as they come to realize the ever-increasing benefits that digital can offer to their businesses. That day will be the day that digital label printing turns from a trickle into a flood. It's getting ever closer.

## HOT OFF THE PRESS

A ROUND-UP OF THE LATEST GLOBAL LABEL STORIES

### RITRAMA OPENS SLITTING CENTER IN COLOMBIA

Italy-based material manufacturer Ritrama has opened a new slitting and logistics center in Medellin, Colombia. The investment will allow the company to offer shorter delivery times and a wider range of products from its production centers in Europe and Chile. The new facility in Colombia further expands Ritrama's footprint in the region, with local presence also in Costa Rica, Guatemala, Mexico and Chile.

### CCL SIGNS DEAL IN INDONESIA

CCL Industries has signed a license agreement with PT Master Label, a privately owned Indonesian manufacturer of pressure sensitive labels and plastic tubes. The agreement, effective May 1, 2011, grants Master Label exclusive rights to manufacture and sell CCL Label and CCL Tube products in Indonesia under a licensing arrangement. Master Label has two plants located close to Jakarta with sales of approximately USD \$15 million and is the largest label converter in the country. The company will change its corporate identity to formats used in CCL's Label and Tube businesses as part of the licensing arrangement but will remain entirely privately owned.

### JAMES TOWNSEND PURCHASED BY WEBTECH NI

Northern Irish label and packaging group Webtech NI has bought Exeter, UK-based label printer James Townsend & Sons. The company now trades as James Townsend Ltd and will continue to supply high volume printed labels to the food and drink industry.

### INNOCIA INCREASES BOPP COATING CAPACITY

As part of a wider series of investments across the business, Innovia Films is increasing its BOPP coating capacity at its site in Wigton, UK. Work is currently underway with additional capacity to be ready during quarter three, 2011.

### BROOK & WHITTLE ACQUIRES PACKSTAR GROUP

Label and flexible packaging converter Brook & Whittle, headquartered in North Branford, Connecticut, has acquired Packstar Group, located in Amherst, New York. Packstar offers a full range of services in the conversion of heat shrinkable packaging products. Packstar currently employs 100 people and, like Brook & Whittle, serves clients in the personal care, beverage and food sectors, both in the US and in Canada.



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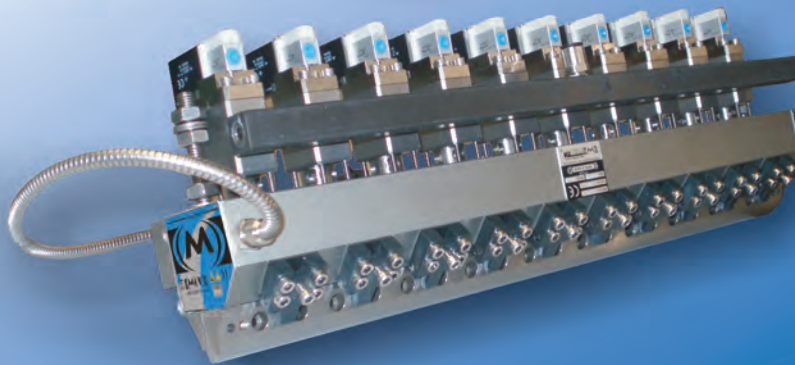
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EPSON SurePress interface and rewind

# Epson installs first SurePress in North America

DANIELLE JERSCHEFSKE talks with Epson's first digital label press customer in California

Tape & Label Converters (TLC), located in Santa Fe Springs, California, supplies brands like Boeing, Whole Foods, Pepsi-Cola, Miller and Disney with custom labels and manufactures personalized carton seal tapes, aerospace and military ID tapes.

Its broad customer base has a variety of needs. Vice president of sales and marketing at TLC, Mas Crawford, says, 'Our run quantities are coming down, turnaround times are shorter and shorter. Clients send an order in and expect to see product in two days, and don't want to hold label inventory. Versatility and flexibility is the way the industry is moving.'

TLC installed the Epson SurePress digital inkjet machine to more effectively accommodate smaller quantities and provide shorter lead times for its customers. It was the official Beta site for the SurePress L-4033A, which utilizes the Epson micropiezo inkjet technology, is 13 inches wide and runs at 16 feet/min.

Already TLC has produced pharma and nutraceutical labels, and promotional materials for Disney on the digital machine. 'Customers enjoy the quality of the SurePress. Epson's technology has helped us jump start projects we simply couldn't tackle before. We are able to give our customers the highest quality at a competitive price. The technology lends itself to open capability.'

Mark Elsbernd, North American region sales manager, Epson SurePress, notes, 'While image quality, versatility and overall machine performance are a given, we are very proud of the

relationship that we have been able to build with the team at Tape & Label Converters. Our service and support teams have a particular focus on the daily needs of the customer so questions such as press utilization, label applications and converting options are discussed on a regular and ongoing basis.'

He adds, 'Our ability to listen, learn and adapt our methodology has been key in developing a mutually-beneficial environment and a positive digital experience for Tape & Label Converters. Epson is currently seeking other qualified printers in North America, like TLC, where SurePress can serve as a competitive, high-quality digital printing solution.'

Epson supplies a specially formulated industrial grade six-color water-based ink set called SurePress AQ. The hexachrome system offers a wide color gamut using orange and green plus CMYK to produce color close to PMS. The supplier has partnered with Wasatch, X-Rite and EskoArtwork to drive RIP workflow controls and color management tools capable of producing ICC profiles for consistency and repeatability in its digital label solution.

SurePress can run on standard self-adhesive label stocks and films (no pre-coating required) semi-gloss, gloss, matte paper stock, BOPP and PET without adhesion issues and TLC says there's no need to corona treat material in advance. Since the ink is water-based there are no curing issues. 'The durability is excellent,' says Crawford. 'The print is consistent. We've done a

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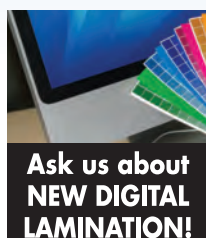


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(L-R) Mas Crawford, VP sales & marketing and Robert Varela Sr, president

number of re-runs and the first and third run look the same.'

Crawford estimates that it can take only ten minutes from pre-press to the first saleable label and likes the complexity digital removes from the process. The converter's average run can be from hundreds of feet to 3,000 feet or so, rather short for the time as the implementation is still in its infancy. Finishing the digital labels is easy with a Mark Andy 2200 fitted with a Rotary Technologies Servo 3000 re-registration unit. The converter can use existing dies.

The Epson piezo heads can drop various sized dots on the substrate that leave a finer printed gradation to zero. Crawford says, 'the technology produces a very high resolution. It's true photographic quality. The fade out and gradations are much better than with basic flexography.'

Crawford is the most trained operator on staff. From a business perspective, the converter felt that because he was going out to sell the product it would be best that he understand what the press is capable of. TLC is now in the process of cross training other associates to run the machine.

Nozzle maintenance is one of the most critical aspects to digital inkjet print consistency. The SurePress has an internal self-cleaning system and should go through a daily maintenance process. 'The shut down time is reasonable,' says Crawford.

#### BRAND EDUCATION

It's critical that converters educate brands as much as possible about the technology advancements in the label industry and the benefits to them – quality, response time, sustainability and inventory control.

Crawford feels similar to other early digital adopters in the label industry. He says, 'The toughest part about gaining adoption is getting customers, or anyone from outside the industry to understand. Their budgets are tight and they want justification for the step-up in cost.'

'Once they see how vibrant the colors are, the intensities of green, orange, blue and yellow and that the process gives them the vibrancy they're looking for, the response is positive.'

So far TLC has switched about 20 percent of its flexo work over to digital production. The rest of the capacity is being filled by new business. The converter expects to increase the number of customers it switches from conventional as knowledge of the technology and its capabilities rises.

Crawford believes that the label industry is headed towards digital, 'we want to be at the forefront and grow stronger as the technology becomes more commonplace. The SurePress is an excellent fit today for the short run label environment; we look forward to working with Epson in the future.'

## HOT OFF THE PRESS

A ROUND-UP OF THE LATEST GLOBAL LABEL STORIES

### TAGHLEEF TO INSTALL BOPP LINE IN EGYPT

Taghleef Industries (Ti) is installing a new BOPP line at its production site near Cairo in Egypt. The new line will serve both Africa and Europe thanks to Egypt's commercial ports on the Mediterranean and Red Seas. The new line is scheduled to begin production at the end of 2012.

### DACO APPOINTS AGENT IN INDIA

Daco Solutions, a UK-based manufacturer of finishing and converting equipment has appointed Printers Supply Company as its agent. The company will serve Daco's growing customer base in the Indian sub-continent.

### ABBOT LABEL PURCHASES ADDITIONAL FACILITY

US converter Abbott Label has purchased a new 40,000 square foot facility in Doraville, Georgia, to add to its existing operations in Atlanta, Los Angeles and Dallas.

### KLÖCKNER INSTALLS MANUFACTURING EQUIPMENT

Klöckner Pentaplast has invested 40 million euros (USD \$54m) in new manufacturing equipment at its Montabaur, Germany, and Santo Tirso, Portugal, facilities. The new technology enhances the company's production capabilities for the shrink label films, food, thermoforming, box-making, adhesive tape and decorative surfaces business segments.

### J & H TO DISTRIBUTE CHINESE FINISHING MACHINES

J & H Printing Solutions, a distributor of printing and converting equipment for the package and label printing industries, has been appointed the exclusive North American distributor for Relia Precision Machinery of Nanjing, China. Relia Precision Machinery manufactures a line of high speed, high precision slitter rewinders for the narrow web printing industry. Relia's various models include options for slitting, die-cutting, matrix rewind and Erhardt + Leimer inspection modules.

### HERMA APPOINTS DISTRIBUTOR IN PORTUGAL

Germany-based self-adhesive material products manufacturer Herma has appointed Masterroll as its distributor in Portugal. Based in Braga, in the north of Portugal, Masterroll was founded by André Pinheiro, a materials engineer with extensive industry experience who has also worked in label production and printing machine sales.

### ROXCEL ACQUIRES BRIGL & BERMEISTER

Vienna, Austria-based multinational paper trading company Roxcel Group has purchased paper manufacturer Brigl & Bergmeister from the Prinzhorn Group, taking over complete ownership.

Brigl & Bergmeister runs two production facilities in Niklasdorf, Austria, and Vevce, Slovenia, which produce an aggregate of 165,000 tons of paper a year with 500 employees.



(L-R) Tony Dardano, Robert Gerstung, press operator, Mark Turk, Bob Gorzynski, Brian Ormiston

# Ahead of the Game

**INTERNATIONAL** Label & Printing has installed the first Nilpeter Caslon hybrid digital-flexo press in North America. Danielle Jerschevske reports

Mark Turk, Tony Dardano and Bob Gorzynski formed IL&P Enterprises and purchased International Label and Printing Company in the summer of 1993. The company was set up in Elk Grove Village, Illinois, very near O'Hare airport.

Prior to that, the trio managed the production of the Chicago Sun-Times through the 1970s and 1980s when it was the 11th largest daily newspaper in the United States - Turk in production, Dardano as executive accounts manager, and Gorzynski as a controller. The team watched the Chicago Tribune spend millions moving into the offset world. '20 years ago it was insane to think that a newspaper would be printed flexo,' says Turk. In 1993 the International Label & Printing plant had nine letterpress machines and a 40 inch Man Roland to service both roll and sheet-fed sides. Over the years investments were made in machines with more color stations - a couple of gear Mark Andy and Aquaflex machines with UV systems, and eventually an 8-color Nilpeter FB acquired in 2005. All flexo plates are produced in-house.

Much of the work completed at IL&P is short-run 4-color process. Many of the orders require less than 50,000 labels of the same SKU, color and image. Set-up and plate processing make up the majority of production time.

With its awareness of how new technology can be a game changer, the IL&P management team chose Nilpeter's Caslon hybrid digital-flexo press as the solution to its short run needs. Mark Turk, president and CEO, explains: 'We were excited about the Caslon press from the moment we saw it. It's an in-line digital solution that looks, acts and feels like a conventional press that we're used to running.' In addition to its roll-fed business, the converter has a high volume sheet-fed side that can also benefit from digital combination print. Operators complete one and two color imprinting work for large quantities of pre-printed cut and stack paper labels. Combination digital technology allows the work to be done in a single pass and will help manage inventory, provide on-demand processing and reduce waste.

## HYBRID TECHNOLOGY

The Caslon press is based on Xaar 1001 DoD UV inkjet heads acting as a CMYK module in Nilpeter's dual servo flexographic FA-line press. The Caslon can print on most materials, with

## LABELS&LABELING

in-line corona treatment bringing down the surface tension to ensure that the inkjet ink adheres. Caslon UV curable inks are formulated specifically for label applications by FFEI, Nilpeter's development and distribution partner for the system, and are robust and flexible enough for shrink sleeves and flexible packaging. The inks are currently supplied out of the UK and Europe. International Label's 13in Caslon press is configured with two UV flexo stations and a corona treater in front of the digital module, and one flexo station after. In between each inkjet color is a 'pinning' lamp, which stabilizes the inkjet dots for cleaner, high quality print. Once all colors are laid down, there is a final cure before the substrate leaves the module. All print station UV lamps are GEW. Robert Gerstung, general operations manager, trained for a week in Denmark on the Caslon before the press was installed.

## WINERY TRIAL

International Label & Printing management hired Brian Ormiston as national business development manager in 2009. A particularly successful niche developed by Ormiston is in the wine and craft brewery markets, whose requirements fit perfectly to the capabilities of the Caslon press.

A good example is August Hill, a small winery in southern Illinois that produces half vintage and half non-vintage wines. Vintage wine labels are dated and the artwork is changed regularly. Winery founder Mark Wenzel is well versed in digital technology and was happy to work through the steps to achieve consistent, quality labels.

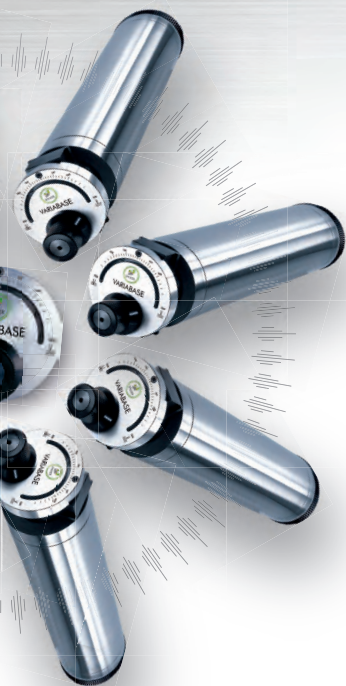
Now that the trial and error is out of the way Wenzel is pleased with the labels coming off of the new press and enjoys the on-demand capability.

The hybrid Caslon system brings flexibility to the entire ILP business, increasing efficiency and reducing up-front costs for tooling. The company is now looking at flexible packaging for the press, as the FA line is engineered to handle unsupported films.

Concludes Mark Turk, 'We're getting into combination printing to stay ahead of the game. We're flexo guys and in-line people. It just makes sense for us to have a hybrid solution with complete finishing capability in-line.'



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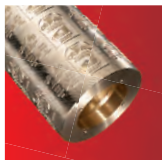
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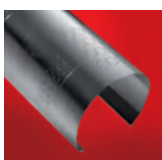
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# Education **circuit**

DANIELLE JERSCHEFSKE reports from a series of conferences and user group events in North America

## DSLOOP6: HP INDIGO ANNUAL CONFERENCE

The sixth annual Digital Solutions Cooperative members' conference hosted 2,000 print partners and digital equipment users to Orlando, Florida. The group now has a total global membership base of 5,500 people from 42 countries, and offers numerous ways to educate a printer's teams and clients. In 2010 HP Indigo hosted its first Dscoop Asia where it had attendance similar to past US-based conferences. The Dscoop board of directors views the cross pollination of the Dscoop community as the strongest opportunity for growth amongst members who already have driven the value proposition of digital within various sectors of the print community.

Tailored Solutions is a preferred HP Indigo partner for label and packaging converters. As digital technology continues to evolve, the capability of MIS to improve throughput and streamline digital workflow by managing complex orders becomes essential. The company estimates that about 15 percent of its LabelTraxx clients have HP Indigos. The MIS provider recently integrated with RotoMetrics to give customers access to real-time die estimates and automated order entry.

HP Indigo says that China is its second largest market after the US. The market experienced 70 percent growth in the last five years attributed to global companies with locations there (see Avery Dennison RBIS feature). Brazil, Korea and India each have more than 100 Indigo machines installed.

In the label & packaging track sessions it became clear that the biggest issue with regard to digital adoption is still the ability to educate the market (users and buyers) on what's possible with the technology. Cutting edge Indigo users and their customers stressed the importance of hiring a marketing person when it comes to building a converter brand, creating

loyalty and gaining a quick return on capital investments.

Ed Wiegand, VP of sales for Sancoa, told delegates, 'You have to understand who you are talking to. The converter recently flipped the St. Ives line of products from multiple spot color flexography to 4CP digital liquid toner.'

Brand designers are a way to reach the CPCs because they interact directly with marketing teams responsible for changing packaging and engaging consumers. The St. Ives brand manager was interested in package robustness and speed-to-replenishment. Procurement was only interested in cost. In order to make the transition, which helped the converter improve margins, Sancoa had to change how it influenced its customer.

The converter worked closely with the brand's design team to shift color acceptance to what can be achieved using 7-colors or HP's Indichrome system. The shift was a win-win for supplier and customer. Said Wiegand, 'We charged 20 percent more per unit, but the total cost was seven percent less.'

## EFI CONNECT USERS' CONFERENCE 2011

EFI welcomed over 1,200 international attendees to its 12th annual users' conference in Las Vegas to view a variety of its software and hardware product lines. It demonstrated its end-to-end workflow live, provided hands-on educational sessions and printed labels on a Jetriion 4830 machine. Label industry supplier partners Flexcon, Honle UV America, AzTech Converting Systems and Spartans laser die cutting equipment were on hand to share the potential that the industrial print market holds.

EFI claims to be the world's largest supplier of print management software with annual sales of \$54m. Marc Olin, EFI senior vice president and general manager of advanced



# VaryFlex F1

**OMET**

## VaryFlex F1 - The ultimate one pass carton converter

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DELTA Industrial shows its digital finishing solutions at Dscoop6

professional print software, explained that the company is seeing fulfillment as the biggest need in the printing industry.

Sean Skelly attended the conference for the first time as vice president and general manager of the EFI Jetrion narrow web digital inkjet series of presses. Skelly said, 'Digital is changing the world of labels and packaging. And unlike other printing sectors, labels and packaging is here to stay.' He predicted that commercial printers will follow the trend of 'convergence' and move into the digital label market. The event marked the first official gathering of the Jetrion digital inkjet press Customer Advisory Board.

This was the first joint user conference for EFI Radius and EFI Jetrion customers since the Radius acquisition last year. EFI is working to integrate EFI XFlow and Fiery workflow software with Radius' ERP/MIS systems to help label and packaging customers streamline the different materials – labels, cartons, pouches – found in their workflow. It will also look to leverage the strengths of Radius solutions for the Jetrion systems and their customers.

Chris O'Brien from York Label, a \$250m multi-national label converter with 1,000 employees and multiple locations, is rolling out Radius software into each of its locations. He said, 'this is the type of information technology that enables our people and drives business. It gives us visibility and transparency throughout the supply chain, allowing us to grow revenue.'

The event's opening keynote session was an open and informal dialogue between EFI CEO Guy Gecht and Adobe president and CEO Shantanu Narayan. Gecht asked: 'how do we create business that matters?' Narayan replied, 'it's all about creating digital experiences across multiple platforms and devices, and about addressing the workflow of digital content.' Narayan continued to explain the importance of managing content on mobile devices, the ability to print from them and provide personalized content that people want. 'In the future content will need to be more tailored.'

#### FTA 2011 ANNUAL FORUM

The FTA hosted 1,600 package printers, label converters and their suppliers at its highest attended annual Forum to date. A number of digital printing machine manufacturers exhibited at the tabletop sessions for the first time, including Roland and Epson, showing the progression of the technology in the marketplace as a complementary platform to flexography.

EskoArtwork's VP of technology and color scientist, Mark

Samworth, was inducted as the 49th member of the FTA Hall of Fame. Samworth traces his roots in the printing industry to Rochester Institute of Technology in New York. He is an active advocate of color consistently and standardization in the flexographic printing process. Samworth hosted a short session on extended color gamut printing, which he says is growing in adoption in the flexible packaging and label production markets.

Best of Show 2011 Excellence in Flexography winners included Cellotape Inc for its Syntax Spirits Vodka; Label Technology Inc for its John Frieda Frizz Ease Overnight Repair packet; and Clemson University for The Phoenix label.

The FTA awarded three Environmental Excellence Awards. Both Paragon Label and Prairie State Group won for Process Improvement. Poly Cello won for Technical Innovation. Poly Cello was selected for its proprietary SmartPack technology that gives the look of lamination but only uses one layer of material, allowing flexible packaging to be recycled in established waste streams.

#### PLGA GLOBAL OPERATIONAL CONFERENCE

The PLGA (Packaging and Label Gravure Association) Global inducted its first CPC representative and first female as president at its annual 2011 Operational Conference. PLGA's new president, Annette Crampton, is the graphics manager at MillerCoors located in Milwaukee, Wisconsin. She is a long time association participant, an active board member and a proponent of gravure technology in the label and packaging industry. The two-day conference, titled 'Managing the Global Challenge with Gravure – The Sustainable Choice', kicked-off with a presentation from Guy McGuffin, Walmart Canada's VP of sustainability. McGuffin introduced the audience to the global retailer's Sustainability Joint Business Plan Program, where Walmart collaborates with its vendors to create more sustainable packaging systems. Examples include eliminating UV coatings and using low VOC inks on paperboard materials. He noted that the global retailer is looking to eliminate PVC from all of its private label products in Canada and is looking to make PET thermoform recycling a reality once research of compatible, non-contaminating labels is completed. The overall message was loud and clear: Walmart will be 'packaging neutral' by 2025 - all packaging waste will be recycled so there is no footprint in this area.

Subsequent presentations shared converter and brand owner environmental management system case studies and suppliers offered technical evaluations of new technologies designed to reduce energy and waste to help gravure label and package print converters lower their environmental footprint.



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# YLO at TLMI Converter Meeting 2011

ALL OF NORTH AMERICA'S leading label converters convene in Palm Beach

The TLMI Young Leaders Organization is progressing nicely, continually adding new members to include over 50 participants to date. The YLO gathered at the Annual Converter Meeting to discuss initiatives moving forward in 2011. One of the main concerns discussed was the need for the market to attract more skilled workers.

The group decided to focus on its outreach to universities in an effort to encourage more skilled packaging and graphic design students to look

at the label industry after graduation. Alex Elezaj of Whitlam Label, chairman says, 'We feel it's important that we communicate the benefits and opportunities of being a young professional in the label industry.'

The YLO is encouraging converter members to more regularly offer internships to viable candidates. There are already a number of intern candidates looking for positions. Any company willing to accept interns should contact the group.

The most recent webinar meeting on strategic planning had successful attendance and received positive feedback. The next quarterly learning meeting will be held in June.

Labelexpo will sponsor a YLO networking reception at the TLMI Technical Conference in Chicago on September 6, 2011. The event will be at a rooftop venue for the Chicago Cubs vs. Cincinnati Reds baseball game. Contact Susan Bachman for more details [susan@tlmi.com](mailto:susan@tlmi.com)



## TLMI NEWS

### SAVE THE DATES

This year's TLMI Technical Conference will be held at the Swissotel in Chicago September 6-8. TLMI's Technical Committee invites converters, suppliers and packaging buyers to explore the narrow web industry with technical experts presenting and discussing the latest in industry trends and market opportunities. Conference co-chair, Michelle Garza of RBCOR, comments, 'Exploring the challenges and new opportunities of today's printing industry is the goal of TLMI's 2011 Technical Conference. This year's sessions are designed to help converters discover the investments and changes that they can make today, in order to create a more profitable tomorrow. The association's Annual Meeting will be held October 16-19 at the Hyatt Regency Resort & Spa at Gainey Ranch in Scottsdale, Arizona. It is open to all TLMI members. Meeting chair, Karen Moreland from RotoMetrics, comments, 'The theme of this year's TLMI Annual Meeting is: Adaptation: Perspectives on Change and Creating New Value. In today's turbulent global market, new opportunities are arising at a pace unprecedented in the tag and label industry. We're excited to bring together converters and suppliers to explore ideas aimed at enabling companies to deliver better solutions and enduring returns in rapidly-changing markets.'



EUGENE SINGER Winners Joel Carmany, Lori Campbell, Doug Kopp, Greg Jackson



VINTON & FRANCES THENGVAL, Kathy & Peter Alaimo



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CINDY WHITE, Greg & Judy Jackson



RICK SPEAR, Linda Honerkamp, Cal Frost, Dan Muenzer

## TLMI NEWS



### JOEL CARMANY FEATURED IN TLMI PODCAST

TLMI has recently released the second in a series of the association's Leading from the Front podcasts. These podcasts feature North American narrow web industry leaders and provide an opportunity to listen to featured guest speakers discussing their own entry into the marketplace in addition to what they view are the industry's most significant present-day challenges, and the opportunities of tomorrow. To listen to the podcast, sign onto [www.tlmi.com](http://www.tlmi.com) and click on the Leading from the Front link on the homepage.

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MERCIAN Group's Label Lock brand of security labels

# Smart response

**CAN A MEDIUM-SIZE LABEL CONVERTER** specialized in short runs become a Smart label powerhouse? Mercian Labels managing director Adrian Steele believes it can, as Andy Thomas reports

With price pressure weighing particularly heavily on UK label converters, it is refreshing to find companies re-thinking their business models with innovation and added value at the cutting edge.

One such company is the Mercian Labels Group, which has been converting PS labels for over 40 years and today is a highly profitable business with a turnover of £2.5m.

'At the height of the recession in 2009, Mercian's business was only down two percent on 2008 levels, as we upped our game to find new, more profitable business niches to compensate for customers reducing inventory and a severe downturn in the automotive labels business,' recalls managing director Dr Adrian Steele. 'We actually ended up making more money in 2009 than the year before, and 2010 was the company's sixth successive year of record profit growth.'

The group now operates in four distinct niche areas of labeling; short run, variable data, tamper evidence and Smart indicator labeling.

The core short run business specializes in printing short-to-medium runs of PS labels for its 9,000 UK-based customers

using digital, flexo and hotfoil processes. In 2010 Mercian acquired AC Labels Derby, adding long run variable data and barcode label capabilities to its product portfolio and providing jobs for another nine people, bringing the total workforce to 32. Over the last five years the group has carried out a £1m investment program to hone its offering of short run labels and develop an entirely new business in bespoke security label solutions under its Security Labels International arm, which manufactures the premium Label Lock brand of security labels. That investment program was funded entirely from retained profit. Most recently the group has set up a Smart labeling division to handle its specialist coatings area.

## SHORT RUN

Mercian Labels' machine shop includes an Edale Alpha flexo press, Xeikon 330 digital press and hot foil systems. 'The digital press has certainly taken away many barriers to very short runs, but digital is not the "be all and end all" and it won't ever replace flexo as a production technique,' says Steele. 'With flexo you can make some more regular offerings

more cost effective, and there are no limitations with substrates.'

Steele sees the real challenge of digital printing as one of process control. 'Part of our competitive advantage are the processes we have developed to handle large numbers of tiny runs, different sorts, roll sizes and variants from quotation to artwork, production, delivery and through to accounting in one efficient process. We have a strategy of not restricting customers to particular materials, sizes or design templates that is a common solution to solving production inefficiencies. We prefer to deliver exactly what the customer requires and optimize our processes around the market need using common 'lean' techniques. This helps us retain customers, even though their spend is tiny by most converters' standards.'

Mercian was handling hundreds of unique short run jobs even before delivery of its digital press, so the culture was already ingrained. Around 96 percent of jobs go out the door 'on time in full', with a default three working day lead time. 'Every job's lead time from artwork approval to dispatch is automatically measured to the second



L-R: Hugo Gell and Dr Adrian Steele

and reported on the real-time balanced scorecard dashboard as a major KPI,' says Adrian Steele. This has involved the development of an in-house MIS system which handles everything from inventory management to job planning and order fulfillment. Customers can log securely onto the system to see the real-time status of their jobs or for artwork submission and approval.

Mercian employs a full time software engineer who can react instantly to changes suggested by company employees. Updates are added every week in a process of continual development. The system took 18 months to build and now handles upwards of 1,500 quotes a month, adding around 60-100 new customers a month to the database of over 9,000 active customers. The average order size of £180 (\$205) demands that the process is very efficient.

'There is a high attrition rate for SMEs and particularly for companies with less than ten employees,' says Steele. 'We offer a consultative sell process, as most of our new customers are "label virgins", and we get all sorts of screen grabs and so on as artwork. We do not do on-line pricing, because we don't believe it's in the best interests of the customer. They want solutions – for us to take problems off their hands, and with so many opportunities to add value for the customer by specifying the correct design, finish, material specification and so on it is a wasted opportunity to try and commoditize labeling by offering "take it or leave it" online pricing.'

Given all the recent interest in web-to-print systems, it is interesting to note that the majority of Mercian's business comes direct through the internet. There is no field sales force. 'We were among the first label converters to use the internet as our principal route to market as far back as 2000, and we've had a website since 1998,' says Dr Steele. 'It's a core competency of the business now.'

#### GET SMART

Five years ago Dr Adrian Steele and his management team – sales director Hugo

Gell and now non-executive chairman Dennis Marrison – considered how to move the business away from a reliance on short run, increasingly commoditized label work.

Recalls Steele: 'Back in 2005 we realized that the market for short run labeling we were operating in was constrained by the UK's borders, with little possibility of extending this business to Europe. It was obvious that there would be a lot more digital installations to come in the UK, and that market would end up being commoditized swiftly too, as it has in sheet fed digital. We began to see the future as a pioneer of Smart indicator and Smart active label products, developing our own brands of products as well as continuing to 'develop bespoke labels for customers to unique specifications.'

Initially a significant investment – around the company's entire balance sheet value – was sunk into a purpose-built coating and laminating line designed specifically for the development of Smart label products. The line allows switching between water-based, solvent and UV chemistries and multiple web treatments and complex web handling.

'This needs a totally different skillset and culture to our short run labeling operation,' says Dr Steele. 'It takes time to get new developments right, but we have turned around the old idea that a company of our size and skills cannot 'do' innovative Smart label research. You need to commit months of press time to product development and employ scientists and marketers to identify markets and technical solutions to special needs. These investments take a lot of time and money, but our philosophy is that of continual investment in the business. This is not just it purchasing "shiny kit" but the know-how to take advantage of the technological infrastructure we now have built up in our so-called 'Label Lab'.'

The company's first 'Smart' product was Label Lock, launched in 2008 after two years' R&D. These tamper evident seals, which have been launched in both low residue and 'dual layer' total transfer variants, are used to secure vehicles, documents, computers and packaging. The third generation of Label Lock product is tamper evident tape, which has generated a lot of interest from distributors. 'It has been a difficult product to perfect, with so many different chemistry and converting issues to tackle, but the global market is huge and we will take a large share of that in the coming years,' says Steele.

Label Lock has been used in a wide range of security and brand protection applications including medical devices

and paint products. A high coat weight on the low residue version means it works particularly well on difficult surfaces such as brickwork and street furniture. 'We have flown the product on a Lear jet to Scotland and applied it under water on glass to demonstrate the point!' laughs Dr Steele. 'We can also print variable identification sub-surface numbers in register, making the product very hard to counterfeit.'

Indeed, research into new security combination has to be on-going. 'In many ways this is a black art,' says Steele. 'We are always fighting against criminals who are trying to defeat our security products.'

Mercian acquired additional Smart label expertise when it bought AC Labels, which produced labels for the verification of gamma radiation sterilization. These labels were previously produced for the trade and sold under the Detex brand name, but following the collapse of Sessions of York, the biggest user at the time, the decision was taken to sell direct to global users under the Gammatex banner.

'This is only just the beginning for our strategy of developing a portfolio of products and skillset in Smart Indicator labeling,' concludes Adrian Steele. 'We already have a pipeline of new ideas in development and are actively looking for new projects to address. The range of areas we are currently researching includes nanotechnology coatings, tamper evident products using printed electronics, high performance UV A+B blockers, gas sensitive coatings, food safety coatings and high coat weight flexography. It is pleasing that others have indicated that they wish to join us in setting up a new LinkedIn group for Smart indicator labels and we would encourage other interested parties to join that group to engage with us and others. We are also developing collaborative research relationships with academia and commercial partners to broaden our portfolio of Smart labeling coatings. The Mercian Labels Group's future is Smart.'

#### SHORT RUN ASSOCIATION

Dr Adrian Steele is a founder member and administrator of the British Short Run Label Association, a UK-only grouping of label converters with some 40-50 members. The BSRLA only accepts converters as members, and not suppliers or end users. 'It is a peer-to-peer organization based on an email newsgroup that exchanges information on new technology developments and industry news, for example, or even which customers are not paying their bills and identify what opportunities where we can source work from each other.'



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PAOLA IANNONE, sales manager at Nuceria Adesivi

# One stop shopping

**NUCERIA ADESIVI** is expanding its package printing portfolio to include labels, flexible packaging and cartons. Andy Thomas reports on a group making an increasing impact on the international stage

The Nuceria Adesivi group is one of Italy's biggest converters of labels and printed packaging. It is a source of great pride to the Iannone family – which founded the company back in 1984 – that its base is in Naples, in the south of Italy. The company subsequently expanded into the north with a narrow web operation near Milan, and today the family-owned company runs a total of 29 presses across three plants and employs 150 people.

Nuceria Adesivi began life in adhesive tape manufacturing, and still sells 'void' security packaging tapes. Today, its business model is to offer end users a 'one stop' packaging solution which currently takes in wet glue and self-adhesive labels, re-sealable and multi-page promotional labels, shrink sleeve labels and cluster packs, wraparound and in-mold labels. The company already offers folding cartons, and its Salerno operation is to see a major investment in Heidelberg presses and finishing equipment (see below).

In terms of end user markets, Nuceria Adesivi is strongest in the health and beauty care sector, which accounts for over one third of the company's business. Other important markets include household products and food and drinks.

This move towards a 'one stop' strategy has clearly been a success: the group has grown at a rate of 20 percent per year over the last two years and closed 2010 with a turnover of 30m euros.

## EXPORT GROWTH

Nuceria Adesivi built its business servicing the Italian plants of global FMCG giants like Johnson & Johnson, P&G, Nestle and Reckitt Benckiser. But decreasing margins in its domestic business are driving the company decisively into the export market, as sales manager Paola Iannone explains: 'We were able to weather the financial storm because we offset the decline in domestic orders by attracting lots of international customers.'

Export sales today account for 40 percent of Nuceria Adesivi's business, with key foreign markets including France, Greece and North Africa. The Middle East and Africa are targeted for strong future growth, says Paola Iannone:

'The multinationals want to sell the same high quality products in emerging markets, as for example Africa, as they do elsewhere. We are working for it.' The Iannone family is even considering starting up its own operation in Africa.

Complementing this international sales drive are plans to forge commercial relationships with foreign companies.

'With profit margins decreasing, it's imperative to respond to increase volume,' says managing director Guido Iannone. 'Partnering with like-minded businesses is an excellent way to cost-effectively drive revenue.'

Paola agrees: 'Servicing the same customers in new markets is a better strategy than getting new customers.'

## TECHNOLOGY

Nuceria Adesivi runs multiple print technologies across its three plants, with sheetfed capacity located in the South and most narrow web capacity in the North. Its offset capabilities include a 7-color 50 x 70cm Heidelberg Speedmaster, three 7-color Nilpeter MO3300 combination presses and an 8-color Codimag VIVA intermittent press with hot stamping and embossing.

On the flexo side, Nuceria runs six 8-color Gidue 380mm Combat presses and two new 9-color 420mm-wide Master M5 machines. The company still has

## SUSTAINABLE OPERATIONS

Sustainability is fully built into the Nuceria Adesivi business model. The company has PET liner recycling programs in place, and its waste glassine liner is sold to a contractor for conversion to pellets for energy recovery. 'We are considering offering our customers to pick up their glassine and guarantee the waste will be recycled properly if the quantity justifies the collection costs,' says Paola Iannone. 'This will mean they can cut the cost of their labeling operation without cutting the price of the label.'

Nuceria's Lean programs have decreased warehouse volumes by 20 percent and fuel consumption by five percent. The use of CTP has eliminated film and related exposure chemicals, and service water is fully recycled. Indeed, water waste throughout the company's plants has been reduced by eight percent through use of closed loop feed water systems.

THE MACHINE HALL at Nuceria Adesivi's Milan roll label plant



significant letterpress capacity, operating 12 x 8- color Gallus R-200 letterpress combination machines, a Gallus R300 and an 8- color, 250mm-wide Kopack with silk screen unit. For shrink sleeve label work, Nuceria runs two 360mm 'no-stop' converting lines.

The company has extensive in-house pre-press and platemaking operations across all print processes, including two Kodak offset CTP systems purchased last year.

Nuceria Adesivi has developed its own comprehensive MIS, which includes inventory control, order management and production scheduling. Orders are turned around from receipt of artwork in ten days for PS labels and 20 days for flexible packaging and folding cartons.

The MIS hooks into EskoArtworks' graphics management systems. All artwork is held on a central company-wide server, which means labels can be printed at any plant. 'This is useful because our Naples plant is bigger and more flexible than our Milan plant,' notes Paola Iannone.

### INVESTING FOR GROWTH

Nuceria Adesivi is currently in the middle of an ambitious 10m euro investment program. This will see the installation of a new 9-color 650mm gravure/offset combination press dedicated to sleeves and wraparound labels. This will be matched with a new shrink sleeve converting system incorporating video inspection for layflat and glue width. The company also plans to move into digital printing with a hybrid press solution, still to be decided.

An integrated coating system is another key investment, and future R&D efforts will be targeted at areas such as RFID solutions, digital technology, linerless and coating in-line. This builds on the company's existing expertise in adhesive tape converting.

Southern Italy will see a major

### LABELS&LABELING

investment in two new Heidelberg presses, marking the debut of Nuceria Adesivi's folding carton operation.

The 5- color Speedmaster XL 75 with in-line aqueous coating has a sheet size up to 605x750mm and prints at up to 15,000sph on substrates between 0.03-0.8mm. The Speedmaster CX102 has a maximum sheet size of 720x1020mm and a print speed of 16,500 sph on substrate thicknesses between 0.03 -1mm. This press is specified with six offset units, UV and aqueous coaters and in-line cold foil.

The cold foil unit is an exciting addition, and will allow a wide range of special effects to be applied in one pass, including scented, gold and silver effects, metallic inks and coatings, lenticular, combined matte/gloss effects and printing on metalized papers.

'We used the Heidelberg for wet glue labels originally, but now we are looking at more value added applications, like in-mold labels on the CX102,' enthuses Paola Iannone.

'This is part of the new positioning

### MASTER M5

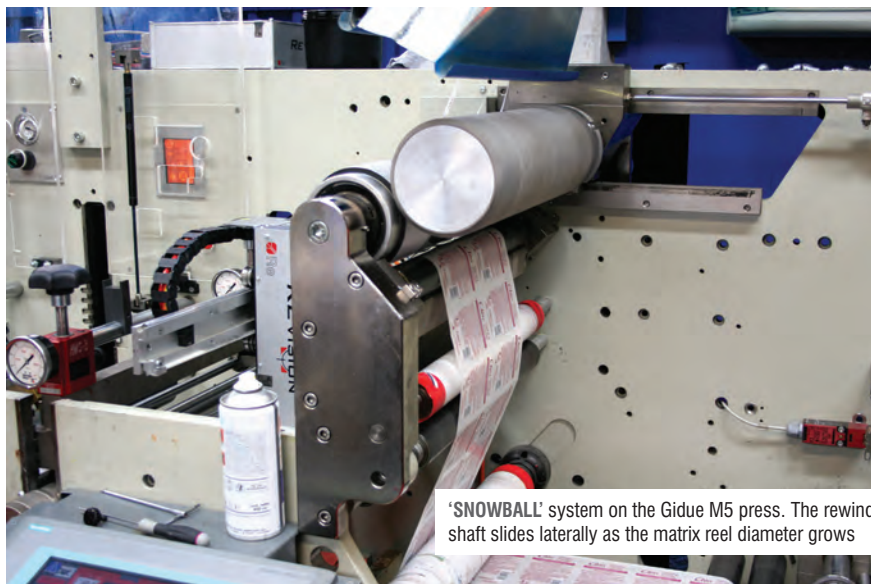
Nuceria Adesivi installed the world's first Nuova Gidue Master M5 press, a 9-color, 430mm wide machine equipped with hot stamping and turn bar. The press can accept print cylinders or sleeves.

The Master M5 press incorporates a major innovation, what Gidue calls the 'Snowball' waste stripping system. Instead of taking the waste above the press onto a rewind roll, the waste matrix rewind shaft is mounted on a horizontal guide, which starts from the stripping shaft. As the waste matrix reel diameter grows, the rewind shaft slides laterally, keeping a constant distance between the rewinding point and the stripping shaft.

'Frankly speaking, we had never seen a label press printing, die-cutting and stripping a PS paper label at 175 meters per minutes, in real production,' comments Nuceria Adesivi managing director Guido Iannone. 'On the same job with our current presses we could run at a maximum speed of 70-80 meters. On special shapes, which would normally see the press run at 20 m/min, we are seeing speeds up to 60-70m/min. It also makes it easier to take the matrix out through our vacuum removal system.'

for our company. Nuceria today is an integrated partner for labels and folding cartons, and also for strategic consulting for companies which strive for success in innovation and savings.'

Strategically, Nuceria Adesivi will concentrate manufacturing in the south. 'The print quality is very high, but the costs are very much lower than in the north of Italy,' continues Paola. 'This allows us to be as competitive as printers based in north Africa.'



'SNOWBALL' system on the Gidue M5 press. The rewind shaft slides laterally as the matrix reel diameter grows





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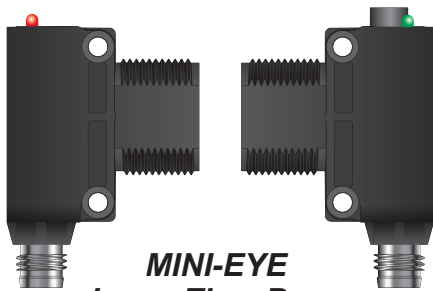


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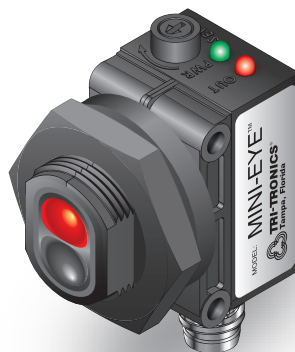
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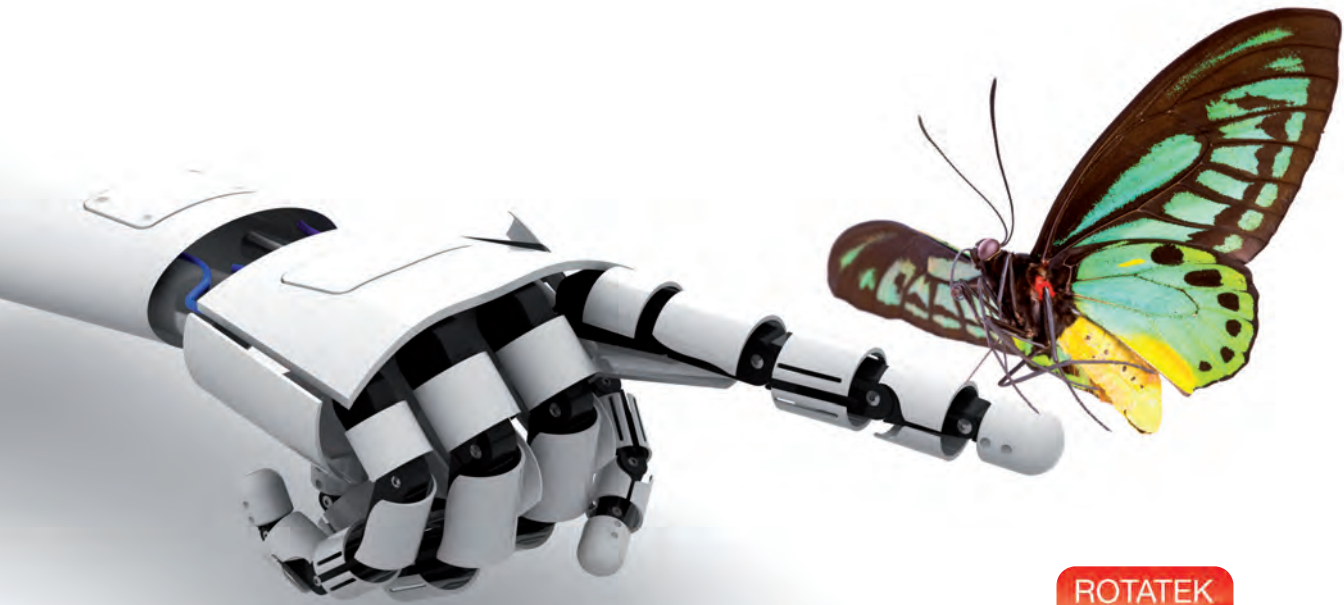
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MASSIMO RAFFAELE with Omet Varyflex F1 UV flexo press

# Breaking the UV barrier

**FROM** a small business in the transport sector, to pioneer of UV print printed flexible packaging, the story of Massimo Raffaele's ACM is an impressive one. Andy Thomas reports

Printing food packaging with UV inks is one of the most challenging applications a converter can consider. Many end users in the food sector will not consider UV, and the sector is dominated by wide web CI flexo or gravure presses using solvent or water-based inks.

However, as the run lengths of flexible packaging have come down, there is increasing interest in producing shorter runs on narrow/mid web presses where the benefits and techniques of UV curing technology are well understood – indeed, they are the dominant mode of production.

Italian converter ACM, located in Cremona, near Milan, has built its business around convincing end users that UV printing of flexible packaging and film labels holds no more risk of migration, odor or contamination than the solvent and water-based inks they normally specify.

ACM takes on not only the printing and lamination of flexible packaging materials, but also handles all necessary testing to guarantee that the printed product is suitable for the food sector – which has extremely demanding compliance requirements.

Massimo Raffaele, managing director of ACM, says he is the first UV flexo printer in Italy to specialize in flexible packaging for the food sector. 'Up to now, nobody before ACM has used UV for food contact applications and guaranteeing the result – it is that simple.'

Around 95 percent of the company's work is for the food industry, and includes flexible packaging, sachets, pouches, aluminium lids, wraparound labels and shrink and stretch

sleeve labels. Some 80 percent of jobs are carried out directly for end users and 20 percent for contract packers.

'The global economic crisis meant everyone started looking for short run solutions,' says Raffaele. 'Short runs with more variations are what our competitors cannot do. ACM can turn any job around without any problem, from receipt of artwork, including print, lamination and delivery, within one week.'

What are the benefits of UV for flexible package printing? 'UV printing provides higher quality and the inks are very bright and high quality compared with the competition,' says Raffaele. 'It is also more environment friendly not to use solvent inks, and this is a major selling point for us.'

Continues Raffaele: 'Back 15 years ago there were big problems for UV in food applications, but we have invested a lot of money in demonstrating it is safe.'

It has not been hard to convince our clients of the quality, which they can take for granted, but it has been hard to prove that this material can be safe. We have collaborated with outside companies and spent a lot of time and money developing the present testing procedures, which are very strict.'

A lot of the major brands in Italy and abroad have already moved from solvent to UV flexo printing with ACM.

A very important element of customer confidence is ACM's BRC/IOP hygiene accreditation, which is emerging as the key global standard for food hygiene at label and packaging converting plants.



ACM converts a wide range of unsupported film materials, including flexible packaging, shrink sleeve labels and wraparound labels

## FROM A SMALL TRANSPORT BUSINESS TO PRINTER

Five years ago Massimo Raffaele had a small transport company, delivering, among other things, rolls of flexible packaging material to converters. He became curious about the business, did his own research, and started up his own flexible packaging converting company. 'I started out from nothing,' recalls Raffaele. 'I had a good idea and found a market I can grow. All the investment has come from me, and nothing from the state – unlike in the South, where there are many government grants.'

Raffaele's business instincts have been entirely vindicated. His 20-strong company had a turnover to €5.5m in 2010, growing in the last two years at around 50 percent a year.

As well as flexible packaging, ACM has successfully taken on short and medium run shrink sleeve label work. 'We have reached remarkable results even in such a case, which has been appreciated by the large brands commissioning the job.'

ACM has also carried out its own product development concerning re-sealable packs with a patented system, which combine pressure-sensitive and laminating technologies.

### UV PARTNERSHIP

To carry the UV flexo project through, ACM developed a close working partnership with press manufacturer Omet and ink supplier Flint Group, 'because they had a deep understanding of the issues in UV printing,' according to Massimo Raffaele.

ACM purchased a 7-color 530mm wide Omet Varyflex F1 UV flexo press configured with a web cleaner, corona treater, UV lamps with progressive power adjustment and chill drums, as well as

Omet's automatic register control system which subsequently keeps register without operator intervention.

'The Omet is a great machine – high quality and easy to set up,' says Raffaele. ACM prints with laser engraved plates.

The Varyflex has successfully printed films down to 12 microns, as well as some carton work which takes advantage of the machine's capability to handle boards up to 300 microns.

After printing, all materials are laminated off-line on Comexi Nexus Evo and Dual solventless laminators, so there is never any direct contact between UV inks and foods. The laminated rolls are stored at 25°C to allow the glue to dry, which takes around 24 hours, and then sent for migration tests.

ACM has successfully tested the recyclability of PE materials printed with UV inks. 'This is no problem, but no customer is interested at this stage,' says Massimo Raffaele. ACM also has a 'bio' materials range, which is a sustainably sourced paper laminated to a clear film.

Having established its reputation in mid-web UV flexo, ACM now plans to expand its capabilities into the wide web, long run sector with the installation of a 1200mm-wide UV CI flexo press by the end of this year. 'A lot of our customers for shorter run flexible packaging products started to make enquiries about at least 900 mm web width to eliminate production waste – but always printing short runs.'

The company is also constructing a new 1,500 sqm production building, which will consolidate its production facilities on one site, greatly increasing productivity.

## HOT OFF THE PRESS

A ROUND-UP OF THE LATEST GLOBAL LABEL STORIES

### FINAT TO ORGANIZE LABELEXPO OPERATORS DAY

Finat, the European association for the self-adhesive label industry, is teaming up with the organizers of Labelexpo Europe 2011 and its affiliated national label associations in Europe to organize 'Operators Day'. Operators Day will be held on the final day of the show that will run from 28 September to 1 October at the Parc des Expositions in Brussels.

On Saturday 1 October, operators from label companies across Europe will be welcomed to a special 'Show Trail' program that will lead them to the stands of participating supplier member companies exhibiting at the show. The show trail will contain an educational competition element and will offer participants to qualify for prizes to be awarded at the closing ceremony of the event.

### FTA RELOCATES HEADQUARTERS

The US Flexographic Technical Association (FTA) has relocated its corporate headquarters from Ronkonkoma, New York, to nearby Bohemia, New York, effective June 2011. FTA now occupies a 3,000-square foot space at 3920 Veterans Memorial Highway, Suite 9, Bohemia, NY 11716. The new location provides FTA employees closer proximity to transportation hubs and Bohemia's thriving local business community. For out-of-area visitors, the new building is just minutes from Long Island's MacArthur Airport.

### UNILUX OPENS SERVICE AND REPAIR CENTER IN DUSSELDORF

Unilux has opened a service and repair center in its Dusseldorf, Germany office. The new center goes into operation on June 1, a year after the company opened its Unilux Europe sales office. Unilux has hired Guido Reinersmann as the service technician to provide repair services, verify spare parts orders, technical information and field support. He also will assist Volker Schlevoigt, managing director, EMEA, with product demonstrations.

### DUPONT TO MANUFACTURE CYREL ROUND SLEEVES IN EU

DuPont Packaging Graphics has announced the planned start-up of its new Cyrel round sleeve manufacturing facility at its site in Neu-Isenburg, Germany. Cyrel round sleeve production will begin in the first quarter of 2012.



# Welcome to the TLMI 2011 Technical Conference And Your Passport To Progress



This conference provides you with sessions, speakers and presentation topics that will help you explore the challenges and opportunities of today's marketplace. The conference will also help you learn about the investments and changes that you can make today, in order to create a more profitable tomorrow.

As our industry continues to forge ahead following the recent economic downturn, narrow web converters are moving forward with a new sense of optimism as they fine tune their capital investment plans and strategize ways to enter new markets and grow their businesses. Let this brochure be your Passport to Progress and this year's Technical Conference the ticket that allows you to explore new application opportunities, discover new production technologies and learn from panels of suppliers and converters that deliver relevant case studies with real take-home, implementable ideas and solutions.

Attendees will come to the Technical Conference in Chicago on September 7th and 8th from all over the world, from all facets of the flexographic printing industry.

Conference topics will include the most recent developments in production practices, equipment and consumables technologies, plates, best pressroom practices, quality process control for package printing, brand protection and digital print solutions. Industry experts including suppliers, and converters, will deliver presentations that discuss new market opportunities, how to overcome technical challenges and how to optimally position your company to take advantage of projected growth markets.

Mark Twain once said, "Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did do. So throw off your bowlines. Sail away from the safe harbor. Catch the trade winds in your sales. Explore. Dream. Discover." We invite you to the 2011 TLMI Technical Conference to do just that: to explore new opportunities in your industry, and to discover ways of implementing new technologies and application knowhow in order to make your dreams of expansion and growth a reality.

## 2011 TLMI Technical Conference Schedule

### Tuesday, September 6, 2011

4:00 PM to 6:00 PM	Registration	Zurich Ballroom
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### Wednesday, September 7, 2011

7:00 AM - 5:00 PM	Registration	Zurich Ballroom
7:00 AM - 8:00 AM	Breakfast	Zurich Ballroom
8:00 AM - 8:07 AM	Welcome	Chairman of the Board: Art Yerecic, Yerecic Label, Conference Chairs: Nick Van Alstine, Macaran Printed Products, Brian Gale, I.D. Images & Michelle Garza, RBCOR, LLC
8:07 AM - 9:47 AM	Discover Gold with Lean	Session Chairs: Paul Brauss, Mark Andy Inc. & Gary Cooper, Inovar Packaging Group
9:47 AM - 10:07 AM	Break	
10:07 AM - 11:37 AM	100% Web Inspection Systems	Session Chairs: Ken Meinhardt, Tailored Solutions & Craig Moreland, Coast Label Company
11:40 PM - 12:40 PM	Lunch	Zurich Ballroom
2:00 PM - 5:00 PM	Tabletop Set-up	Zurich Ballroom
12:45 PM - 2:25 PM	Show Me the Green in Being Green	Session Chairs: Kevin Foos, acpo, Ltd. & Tom Embley, Precision AirConvey Corp.
2:25 PM - 2:40 PM	Break	
2:40 PM - 4:20 PM	Dream Big, Win Big	Session Chairs: Lori Campbell, The Label Printers, Randy Wise, Century Label, & Wade Fouts, Wilson Manufacturing
4:20 PM - 4:30 PM	Close	Zurich Ballroom
5:30 PM - 7:30 PM	Tabletop Exhibit	Zurich Ballroom

### Thursday, September 8, 2011

7:00 AM - 8:00 AM	Breakfast	Zurich Ballroom
	<b>TRACK A</b>	<b>TRACK B</b>
8:00 AM - 9:30 AM	Discover Solutions for Brand Session Chairs: Michelle Shaieb, Whitlam Label Company & Raymond Dickinson, Hewlett-Packard	Digital or Conventional- Discover the Right Choice for Your Business Session Chairs: Dwane Wall, Creative Labels of Vermont & Dean Haertel, EFI
9:30 AM - 9:45 AM	Break	Break
9:45 AM - 11:15 AM	Explore Prepress Trends Session Chairs: Jessica Harkins, Anderson & Vreeland, Kelly Cooper, Flexografix, Inc. & Ian Hole, EskoArtwork	The Bottom Line on Substrates Session Chairs: John Bennett, FLEXcon, Frederic La Brie, ETI Converting Equipment & Lori Dehlin, Dow Corning
11:15 AM - 12:45 PM	Control and Match Color on the Pressroom Floor Session Chairs: Sherry Cunningham, DuPont Imaging Technologies & Randy Krouse, Electro Optic	The Functional Future: Printing Money Never Looked so Good! Session Chairs: Ray Mackura, Avery Dennison Fasson Roll North America & Eric Seiler, Xeric Web

\*Session content and presenters may be subject to change.

For more conference, registration and hotel information on the 2011 TLMI Technical Conference, go to [www.tlmi.com](http://www.tlmi.com)

2011 TLMI Technical Conference  
September 6-8, 2011  
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SHAUN Higgins, managing director of IML Labels



THE SHUTTLEWORTH MIS in action

# CRM drives growth at UK converter

**LEADING** UK converter IML Labels & Systems has increased efficiency in all aspects of its business by a comprehensive implementation of Shuttleworth's Customer Relationship Management software. Andy Thomas reports

IML Labels & Systems, a leading UK supplier of high performance labels, entry tickets and branding badges, has experienced steady growth by specializing in labels for high temperature, steel, chemicals usage and a wide array of weatherproof and durable tags and ties. IML's expertise in this field is recognized globally and its products are used throughout Europe, the Middle East and Asia. It is a privately owned business consisting of two main manufacturing centers – labels, tags and tickets produced at Chapeltown in Sheffield and injection moulded badges at Shirebrook, Nottinghamshire.

A key investment has been upgrading its Customer Relationship Management (CRM) software to a new and powerful solution from Shuttleworth Business Systems.

'CRM is a very powerful business tool,' explains Shaun Higgins, managing director of IML Labels. 'Every contact with a customer from enquiry through to shop floor production and delivery is logged as an "event" on the system. The entire package is "event driven" and we can monitor and gather data which is used to produce everything from estimates and job sheets to invoices. With our previous system, many of these processes were performed manually with information having to be repeatedly input into Word documents. The new CRM package from Shuttleworth now means that the entire process is practically paperless, with information being turned from enquiries to job sheets on the system within seconds, without any risk of human error.'

Any member of staff in the organization can access a customer's details at any time. This includes estimates, quotes, work in progress or even on-going or previous problems or non-conformities. 'The CRM tools give IML complete instant traceability of any customer's activity,' says Higgins. 'This has reduced manual admin time and allowed our staff to focus on customer-driven interaction, improving utilization of human resources and increasing accuracy. It has even helped us to keep going during the recent severe weather conditions as access via a laptop enables the entire sales team to keep abreast of all developments, wherever they may be based.'

## ENHANCED REPORTS

Another significant benefit of the CRM module is detailed reports it can generate. 'We have taken the basic standard templates and personalized them to our own requirements,' explains Higgins. 'Shuttleworth has provided us with the knowledge and assistance to implement these adjustments, giving on-going support and training as required. We can look at anything from performance of customers and marketplaces to specific sales figures based on regions or individual performance and use this information for accurate forecasting, rebates, incentive schemes and vital future budgeting.'

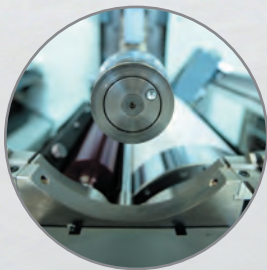
The automated nature of the CRM package enables IML to turn enquiries to quotes within an average of two minutes. 'The new system has reduced time spent on the estimating process and of course the production notes are instantly available and ready to go once an order has been placed,' says Higgins. 'We have also been able to consolidate our purchasing team, as the system provides a live template-based report, again within seconds, highlighting which orders are to be placed with the most appropriate supplier; it can then turn this into a live purchase order. The system has helped to improve efficiencies with suppliers by recording all purchasing activity which is used to make educated buying decisions.'

IML is also using the CRM software to improve its marketing communications, targeting activity through a series of e-mail campaigns, mail shots and personalized correspondence.

## THE FUTURE

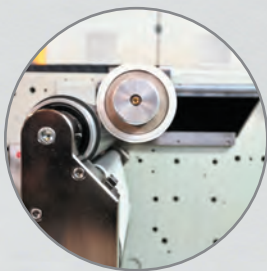
Higgins says the new CRM system has been instrumental in raising IML's turnover in the last 12 months to £3.55 million compared with £3.2 million in the previous year. 'We have reduced the number of low margin jobs, increased weaker margins and used the system to improve efficiencies in many areas such as estimating and buying. Any savings are reflected directly in customer pricing structures.'

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# A wine labeling success story

**MIKE FAIRLEY** looks at what goes into making a global wine label brand and talks to the winery, materials supplier and label converter about the challenges and requirements

One of the key success stories for the self-adhesive label industry over the years has been its continuing growth for wine bottle labeling. Today, millions of bottles of wine a year around the world – from Europe to the USA, Australia and New Zealand, South America, South Africa and even India and China – are being labeled with high quality labels printed on conventional or digital narrow-web printing presses.

There are many reasons for this success: the wide range of self-adhesive wine label materials, the in-line printing and converting presses that can not only print in four, five, six or more colors using different printing processes, but emboss and add metallic foil to the designs, or the long or shorter run capabilities on the latest conventional or digital narrow-web presses.

Ease and flexibility of label application and quick change-over from one label to another, have also been at the heart of the self-adhesive wine label success story. The end result has been the wine brand owners' dream – excellent brand identity, high quality printed image, optimum label look and appearance, outstanding label performance (often in a chill cabinet or ice bucket) and labeling flexibility.

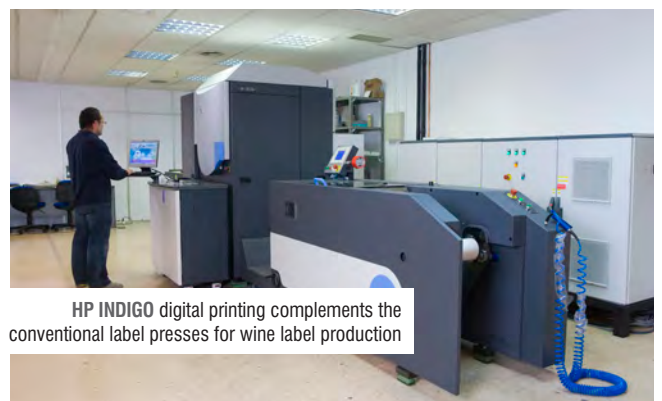
For the wine producers it has become important to have a close working relationship with the self-adhesive materials supplier, the label converter, the applicator supplier, and their own marketing and purchasing teams. It was to examine this relationship in more detail that Labels & Labeling visited a world leading wine producer in Spain – Grupo Codorniu – and also talked to the label materials supplier, Manter, and their main label printer, Gráficas Varias.

Grupo Codorniu, a Spanish owned and operated winery group based in northeast Spain, is one of the leaders in cava sparkling wine production. Produced the same way as champagne (although it can't actually be called champagne),

Codorniu makes some 40 million bottles of their cava wines a year and have been in the wine business since the middle 1500s. Having said that, they have 'only' been making cava since the 1870s.

The group was one of the pioneers in the commercialization of Spanish sparkling wine and have recently brought in a whole new winemaking team to improve their products, including an overhaul of their bottle design and bottle presentation (that virtually compels you to pick it up). So much so, that 60 percent of their cava production is now exported. They also make other wines which have a big export market. The main cava brand is Anna De Codorniu, which in total carries four self-adhesive labels; including a paper face/polyethylene backed composite front label, a paper back label, and a polyester neck label.

Group purchasing director, Valenti Font Martí explained that they had changed from wet-glue to self-adhesive labels some four years ago, mainly for manufacturing reasons. 'The challenges we were facing at the time' says Martí 'were that



HP INDIGO digital printing complements the conventional label presses for wine label production



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FINAT





THE GRAFICAS VARIAS FACTORY near Barcelona



WET glue label finishing at Varias

the label was going greyish after several hours in a chiller, and that the labels were also wrinkling or even falling-off when they were wet. These were problems that we certainly couldn't afford in the high-end, high-quality cava market.'

'Working closely with self-adhesive materials supplier, Manter, we were able to resolve such challenges using their Constellation Snow Intrecco Ultra Wet Strength with SH-6020 Plus adhesive which withstands the harsh conditions of condensation and humidity that the labels face. Today, some 80 percent of all our paper label materials are supplied by the company and they constantly keep us updated with the latest innovations in wine label materials.'

Currently, Grupo Codorniu is creating new vineyards in Latin America and beginning to recruit in China – already the sixth largest wine producing country in the world with an estimated 600 wineries spread across this vast territory, and on the verge of an explosion in demand that will see China develop a mass market for wine, and further extend their obsession

with global branded wines.

So what about Grupo Codorniu's label supplier, Gráficas Varias, S.A? Originally founded in 1918 as a general and office printer, the company started printing sheet-fed letter-press printed labels for Codorniu in the 1930s, moving into self-adhesive label production in 1989. Today, some 70 percent of their label production is self-adhesive and they are one of the biggest label suppliers to Codorniu (about 70 percent of their annual label requirements, of which 85 percent are self-adhesive), as well as to many smaller wineries requiring only 1000 – 1500 labels, up to bigger wineries requiring many millions of labels.

Annual turnover is over 8.7 million euros and the company employs 90 people on two shifts. Current customer base is more than 300 label user companies, for which they print a staggering near 700 million labels a year.

Not unnaturally, Varias need a range of specialized label printing presses and finishing equipment to produce for such demanding customers and, again, have to work closely with materials suppliers, designers, equipment manufacturers and customers to achieve the quality results required. Presses include Nilpeter flexo and combination machines, Franchini & Speri screen equipment, KoPack letterpress label and booklet presses, Codimag waterless offset, and a HP Indigo digital press – as well as Heidelberg sheet-fed machines with Polar finishing.

They also operate one of the biggest ABG Digicon finishing lines, Berra finishing equipment, four Prati inspection lines, Martin Automatic waste handling and laminating equipment, press room humidity control and have sophisticated EskoArtwork with Webcenter and Visualizer software, as well CTP platemaking, a Kodak Thermoflex platesetter and Stork screens.

'As you can see', says managing director Josep Varias Ribot, 'our factory

is equipped with cutting-edge technology: the latest generation CTP, digital printing, combination printing, hot and cold foiling and diverse finishing equipment – which is all focused on offering the best quality and service possible.

'We work almost as much in sheetfed printing for wet-glue labeling as in roll-fed self-adhesive printing. Production controls and 100 percent inspection of the product – either visually or through electronic systems – guarantee the excellent level of quality needed for our discerning customers.'

Materials usage at Varias is mostly uncoated wine label grades, both woven and laid. The particular labelstock for each job is specified by the customer and/or designer, who are always looking for that something different. 'My grandfather worked with Manter as our main paper supplier,' adds Varias Ribot, 'and that is still the position today. They have an excellent understanding of the wine industry and their requirements.'

'In the wine business everyone works closely together. The designers go to the winery; they visit our printing plant to better understand our capabilities. The materials suppliers talk to the customer, the designer and the printer. Our overall aim at Graficas Varias – and of our suppliers – is focused on giving the best quality and service, and above all, maximum satisfaction to clients'.

Looking to extend this focus into the wider Spanish label industry, Varias Ribot has recently been elected president of the Anfec Association (National Association of pressure-sensitive label Manufacturers) in Spain, believed to be the second biggest association in Europe with 140 companies (manufacturers and suppliers) and representing around 80 percent of the labels printed in Spain.

With such commitment, investment and dedication to the industry and to customers, it is not difficult to understand why Graficas Varias has been such a success for close to 100 years.



GRAFICAS VARIAS managing director, Josep Varias

# THE LOW migration story

**LOW MIGRATION INKS** have become a focus for intense discussions, but does the industry understand the consequences? Eva Freudenthaler, VP marketing and technology, within the packaging and narrow web division of Flint Group, explains the issues

## THE NEED FOR LOW MIGRATION

In the past packaging products were classified as being primary or secondary packaging. Most food packaging fell into the secondary packaging area. In this case the printed material was not considered to come into contact with the food stuff, which was generally packaged in another material. Although some printers may have been aware that ink components from printed items could migrate or transfer from the back side of the printed article, the legislation which applied was unclear.

But in 2005 the first big food packaging 'scare' took place, when ITX, a commonly used photoinitiator at the time, was found in a packaged milk substitute. Due to a lack of information and readily available toxicological data, ITX was subsequently 'banned'. The migration of this substance from the packaging material into the packed foodstuff was alarming, particularly as there was no information at the time whether the migrating substance might affect the odor or taste properties of the food stuff or even be harmful.

One result of this scare was that many brand owners started to seriously look into their responsibility according to the Framework Regulation (EC) No 1935/2004 regulating materials and articles intended to come into contact with food. The outcome of this was that some brand owners put their own

guidelines regarding migration and formulation practices into place. Shortly after this scare, more legislation was introduced in Europe including the so called 'Good Manufacturing Practices' directive, (GMP; EC/2023/2006), to support the Framework Regulation.

Independently of European regulations, the Swiss government decided to introduce the Swiss Ordinance on materials and articles (SR 817.023.21; 2010) which for the first time included provisions that apply to packaging inks as specific constituent elements of materials and articles.

These two pieces of legislation together started to clarify the previous gray areas. The GMP directive defines the rules for good manufacturing practices for groups of materials and articles intended to come into contact with food, whilst the Swiss Ordinance – only applying to the Swiss market – details a positive list with substances which are allowed to be used in the production of printing inks in combination with clear regulation about accepted migration limits. Although there is still no European legislation regarding the use of printing inks for food packaging per se, these pieces of legislation gave a clearer picture to both brand owners and the packaging supply chain about their obligations.

Both pieces of legislation support brand owners with proving compliance with the framework directive (EC/1935/2004), which states that materials and articles,

whether printed or unprinted, must be manufactured under GMP, so that under normal or foreseeable conditions of use, they do not transfer their constituents to food in quantities which could endanger human health, bring about an unacceptable change in the composition of the food, or bring about a deterioration in the organoleptic characteristics thereof. The legislation is very clear in that it applies to all types of packaging, regardless of the technology used, and also clearly state that the responsibility for the compliance of the food package is the responsibility of the entire packaging chain. No one link in this chain can assume overall responsibility or take over the responsibility of another member of the packaging chain, should something go wrong.

## THE COMPLEXITY OF A PACKED FOODSTUFF

Why does everyone focus on UV?

In reality everything in any ink or coating with a molecular weight under 1000 Daltons can potentially migrate. Whilst materials with a molecular weight above 1000 Daltons can still migrate, they pose no risk to human health, as they pass directly through the body.

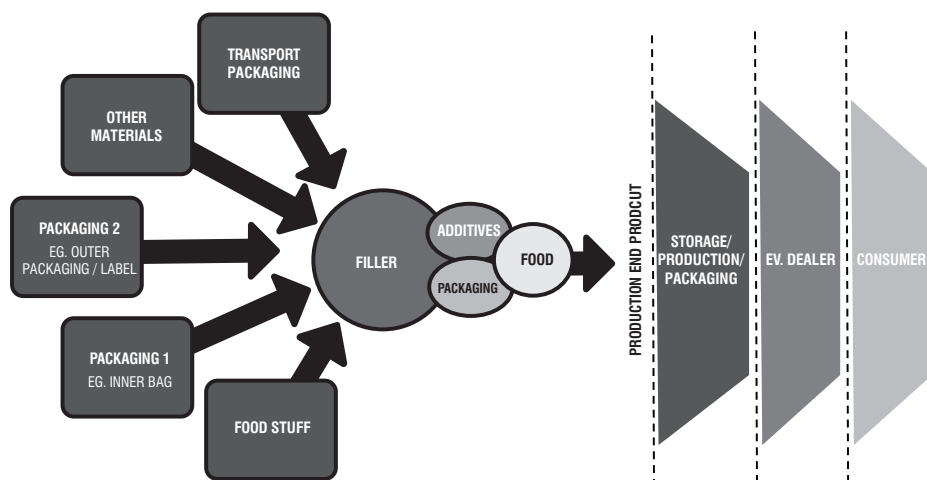
When considering potential migrants, a number of different types of raw materials need to be considered. Generally speaking they are additives, which are added to the printing ink formulations. These include flow additives, flexibilisers, surface treatments on pigments, dispersing agents and photoinitiators amongst others.

The migration limits which are applied are always the same regardless of ink or varnish technology type;

- 60 ppm global migration for substances without migration limit
- Specific Migration Limits (SML) for evaluated substances
- 50 ppb for not evaluated substances with three negative mutagenic tests
- 10 ppb for unevaluated substances

Although the Swiss Ordinance is the only legislation regulating these migration limits, the European Printing ink association, EuPIA, published in 2010 a document advising the suitability of photoinitiators for low migration UV based printing inks and varnishes, and

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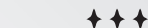
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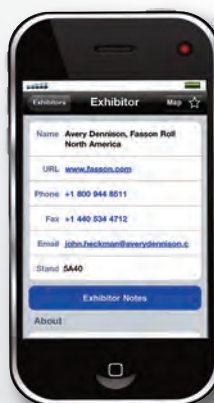


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also recommend these limits to their members.

Many of the readily available photoinitiators did not have published toxicological data available, and as such were 'unknown entities' with respect to migration.

But a scare in the market place is not often based on facts. As recently as 2010, there was a scare with the photoinitiator benzophenone. This photoinitiator has known Specific Migration Limits as well as FDA approval and is used as a flavor enhancer. But the reality is that this photoinitiator has a high volatility and so is not preferred, and even banned by packaging manufacturer groups, due to its negative affects on the organoleptic (taste) properties of the packaged article.

Photoinitiator development has progressed a lot during the last few years, and most development work has been focused on increasing the molecular weight of the materials without reducing the efficiency. The European printing ink organization, EuPIA quotes the European UV ink and varnish market to be around 23,000 tonnes, and considering that there are approximately 10 percent photoinitiators in an UV printing ink formulation, which can be split between three to five materials, then individual photoinitiator market sizes are relatively small.

UV curing is a process where free radicals become excited under UV lamps and then initiate the cure process. Traditionally low molecular weight photoinitiators are extremely efficient, and thus the first generation of low migration UV inks typically had much slower cure response, when compared to these traditional products. The traditional photoinitiators can also generate bi-products which have an undesirable impact on taint and/or odor properties of the packaged product, so ink and coatings formulators are forced to combine these larger molecules in a way so that cure response is not impacted.

This is particularly tough in darker colors, where the pigments absorb a large portion of the UV energy available to initiate the curing process. However photoinitiators are not the only source of migrants in an UV printing ink or coating. The monomers, which are the 'solvents' of these systems, differ from normal solvents as they are reactive and combine with the oligomers to form a film on curing. Many of the monomers which are effective in reducing the viscosity and controlling the rheological properties of a printing ink also have a low molecular weight themselves, or contain portions of low molecular weight materials, and can also contain other additives and stabilizers, which can potentially migrate.

Another migration concern, although not restricted to UV inks alone, is the use

of unsuitable pigments. A good example is 'so called' fanal pigments, which are often preferred by end users for their clarity, depth and cleanliness of color. These can easily set-off on the backside of a print, or can bleed into foodstuffs and therefore also pose a potential risk.

Today however, low migration UV inks and varnishes are developed so that when correctly applied and cured, onto the correct choice of packaging substrates, the legal migration limits can be met. Nevertheless no ink or varnish supplier can guarantee that the formulated migration levels will always be achieved in practice, as so many practical factors have an impact. The printing ink or varnish manufacturer actually has only an obligation to formulate an ink which, when applied and cured under the correct conditions, should enable the end user to be in compliance with the framework regulation. All ink manufacturers which are members of the EuPIA have also committed to produce these inks according to GMP guidelines and to provide a statement of composition for each ink.

### **DEVELOPMENT CHALLENGES HOW TO STOP MIGRATION?**

Ink manufacturers try to balance the lowest migration raw materials with functional materials to reduce the risk of contamination from accidental misuse of any press side additives. Inks therefore are developed to have the correct rheology profile, cure response, scratch and adhesion resistance, as well as being commercially viable.

This is again another tough challenge, particularly maintaining a commercially viable product, as not only are raw material costs higher, but there are additional processing stages as for all food packaging intended materials, along the packaging chain (eg GMP compliance) to be taken into account, so that the finished, packed article can be considered to be compliant. Although printing ink and varnish costs are estimated to be only three percent of the overall packaging article cost, these extra stages will eventually push up the prices to the end consumer.

### **THE PACKAGING CHAIN INFORMATION FLOW**

Many ink manufacturers have therefore adopted an approach of having dedicated production facilities for low migration products, as this reduces the risk of contaminants from human error and also from common working areas, assuming that any potential volatile migrants are also removed from the facility. After production ink manufacturers that are members of EuPIA, have committed to provide data to the packaging supply chain, in the form of a statement of

composition which supports the brand owners in showing compliance with the framework directive. Many ink manufacturers choose to test only one of the stimulants specified as a worse case study, but the stimulant choice will ultimately be governed by the packaging type and foodstuff to be packed. Some ink manufacturers also provide 'in-house' testing facilities, but the end user is still responsible to supply a conforming package into the market place.

Basically the only way to be sure that you have stopped migration is to use a functional barrier. Today this is defined as a barrier consisting of one or more layers of any type of material which ensures that the final material or article complies with article three of the Framework regulation and with the provisions of this regulation, but in reality the only materials which practically conform with this are aluminium foil (if not too thin), glass or metal. No other materials offer true barrier properties.

### **THE CONCLUSION AND CONSEQUENCES**

The implementation of the Swiss Ordinance in April 2010 meant that all ink products used or printed articles imported in Switzerland needed to be formulated using the materials listed on the Annex one and six of the Ordinance 817.023.21. This will no doubt make its way into national legislation of other European member states or even legislation at an European level.

It is however important for the complete packaging chain to understand their impact and responsibilities when producing food packaging articles, and that they fully understand the complex nature of manufacturing these types of products. It is essential that all members of the packaging supply chain co-operate with each other, and work together with knowledgeable ink manufacturers, and industry associations (eg EuPIA). Many other printers and brand owners could definitely benefit and challenge market share if they were to adopt a proactive approach to food packaging safety, before legislation takes shape, in the form of making risk assessments already at the design stage, to determine what requirements there are for printing inks and varnishes.

### **ABOUT THE AUTHOR**

Eva Freudenthaler works as VP marketing and technology, within the packaging and narrow web division of Flint Group. Flint group offers a wide range of low migration products covering most technology and print application types.

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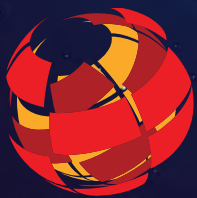
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AVERY Dennison's Label Innovation Seminar targeted the Chinese design community



# What do designers focus on?

AVERY Dennison China held its annual innovation seminar in Guangzhou for the first time. The seminar discussed a variety of design ideas to expand end users' horizons. L&L's China editor Kevin Liu reports

On March 8, 2011, the Avery Dennison Label Innovation Seminar (South China) was held at the Four Points Sheraton hotel in Guangzhou, Dongpu province. Around 60 people attended the seminar, which mainly focused on the packaging of chemical products, foods, medicines, and household products.

Kelvin Wang, marketing director of Avery Dennison China, said; 'Although Avery's label and packaging material department has now achieved annual sales of RMB 20 billion worldwide, and everybody believes that self-adhesive technology has matured already, we have been pondering over what else we can do for the market, and which new elements are required by the market. These new elements may not be new materials, nor new printing technology, but ideas, particularly ideas in respect of packaging design.'

Avery brought together the design director of Landor, one of the world's largest brand identification and strategy consulting companies, as well as design directors from LAF International, Liby Group, Blue Moon and other key end-users. 'They will share the difficulties that they have encountered in the label packaging design process and their solutions with you.'

## CHANGES IN THE CONSUMER MARKET

According to data released by the State Statistics Bureau (NBS), in 2010, China's total retail sales of consumer goods reached 15.455 trillion yuan, an increase of 18.4 percent over the previous year. With a high rate of social and economic development and improvement of people's living standards, there have been significant changes in consumer spending habits, value orientation and behavior. The rise of raw material and labor

costs, and the changes to the exchange rate have become the main issues faced by manufacturers of consumer goods.

Chen Xianying, design director of Chinese hair care specialist LAF International Group, has noticed these changes in the consumer market. He said that changes have taken place in both people's lifestyle and consumption habits. Along with the price rises caused by inflation and rising labor costs, packaging and printing costs have also been increased significantly. All of these factors have contributed to the changes faced by the label printing industry. 'On our tenth anniversary, LAF has implemented a comprehensive brand upgrade, so that the consumer can directly experience that LAF has been transformed into a more stylish and professional shampoo brand through new packaging design. We aimed to enhance the sense of quality, establish a new-brand image, and improve the product value. Such tasks will be assigned to the label.'

## TREND OF PACKAGING DESIGN

Chen Minxi, brand planning design director of Landor, suggested in her speech that the brand owner or end-user should create more effective 'brand blocking', so that the recognition of new brands within a small area on the shelves can be increased. A recent trend is to increase the printing face area while the packaging area remains unchanged.

According to Minxi, enterprises should make good use of the characteristics of the packaging materials and new printing technology to achieve the desired design effect and avoid unnecessary waste. As an example, Minxi discussed making the most cost effective use of bronzing materials on labels with



CHEN XIANYING, design director of LAF International Group

a dark as well as a light background.

'Special label materials can be used to reflect the fashion and personality of the labels,' said Minxi. 'Transparent, translucent, opaque, metallic, matt, light and other different visual effects can be introduced to create differentiation at the selling point.' At the same time, Minxi said the information on the external packing should be simplified, so consumers can focus on the branding message. Unconventional, distinctive packaging with strong visual effects can better attract the consumer's attention. Market demands will often influence design trends. In recent years, concerns about environmental protection, hygiene, multiple purposes packaging and portability have grown. Environmental labels will become increasingly popular and light weight materials should be used as much as possible to minimize the total use of materials while guaranteeing the protection, transportation, storage and marketing features of packaging, said Minxi.

#### ANTI-COUNTERFEITING

Anti-counterfeiting was a hot topic of discussion for guests at the seminar. There is a popular saying that in China, 'all good products have counterfeits. Products without counterfeits are not good products.' Although this is just a joke, it has raised a critical requirement for the printing industry - to improve anti-counterfeiting technology. Chen Xianying mentioned in his speech that labels integrating anti-counterfeiting technology and logistics information have key advantages. 'Multi-process label printing combining gravure, embossing, screen printing, foiling, printing on both front and back sides and many other technologies can also integrate anti-counterfeiting into the label, as can digital technology. Today many processing manufacturers can print self-adhesive labels, and many enterprises can print logistics labels. But few enterprises can print labels which incorporate the integration of anti-counterfeiting and tracking technology. The combination of these technologies will be a significant breakthrough for our label printing industry'.

#### LABELS&LABELING

AVERY showed innovative label solutions



(L-R) Dr Xue Zhijian, Avery R&D department; Lai Zhan Qiu, Bluemoon; Ou Xiao Hui, Landor; Mr Sun Ping, manager of packaging R&D department of Liby Group; and Chen Xianying, LAF International Group



#### LINK BETWEEN DESIGNERS AND PRINTERS

China's consumer goods companies regard the development and design of product packaging as a top priority. However, they often encounter problems caused by designers' lack of understanding of printing equipment, materials, and printing technology during the label development process, ultimately resulting in poor label printing quality and failure to achieve the desired effect.

To help fill this gap, Avery Dennison set up its self-adhesive printing training institute for end users in Kunshan, outside Shanghai. All end-user guests present at the seminar said they had already sent their employees to attend the printing school. Sun Ping, manager of packaging R&D of the Liby Group, said his company has established a strategic partnership with Avery. This long-term cooperation agreement has included support in respect of the application of self-adhesive labels. 'A number of employees of our company have attended the training course held by the self-adhesive printing institute of Avery, and they make great contributions to the development and technical guidance on the company's new label products.'

Chen Xianying, design director of LAF International Group, said he was also once a student of the Avery printing institute.

#### POSTSCRIPT

In conclusion, delegates heard that the label forms the product's brand identity, while the brand represents the company's products. With products and the market becoming increasingly homogenized, and with competition intensifying day by day, end users need to keep communicating with their label printers and label material suppliers. They need to try new materials and technologies. Likewise, only when converters and materials suppliers enhance communication with end users and designers, understand their desires and changes in the market, can they produce forward-looking labels appropriate to the market. It was agreed that Avery Dennison has provided a valuable platform for exchanging this information.



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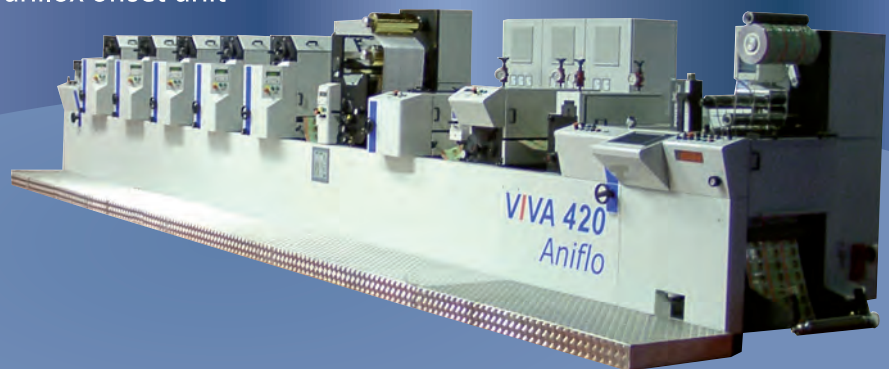


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XEIKON 3300 at W&amp;R Etiketten, Tilburg

# The JDF connection

**BARRY** Hunt reports on a Dutch printer's experience with a JDF workflow linking MIS and pre-press systems

It is generally accepted that digital printing works best within a dedicated workflow. Today, that means not just an automated pre-press system to optimize the studio workflow, but also using a customized management information system to handle the many administration and production tasks. Best of all is to integrate these disparate functions within a JDF-enabled (Job Definition Format) digital workflow. This method of increasing productivity is a more recent development. In fact W&R Etiketten of Tilburg in the Netherlands is one of the first label converters to adopt this end-to-end approach.

The company was formed in 1992 by Jack Willemsz and his business partner Leo van Rooy. It has 40 employees and occupies a plant with 4,500 sqm of floor space. It uses the recently-introduced Xeikon 3300 label press (330mm maximum web width), printing with the latest QA-I dry toner system. It runs with a rewinder from Grafisk Maskinfabrik.

Digital printing is just one process in a production set-up that includes four MPS EP-Series UV flexo presses (a seven-color, three-color, five-color and a six-color). They are supported by a new Matho matrix waste removal system, while Athena, a local trade house supplies digitally-made flexo plates. The company also produces large volumes of blank stock-size self-adhesive labels using six LeoMat slit/rewinders with die cutters.

Most of the firm's thousand or so clients are from Holland. They vary greatly in size, operating mainly in the transport, logistics, food and retail sectors. No more than 25 of the larger customers account for roughly 50 percent of turnover, which last year was 6.4 million euros (\$US9.36 million).

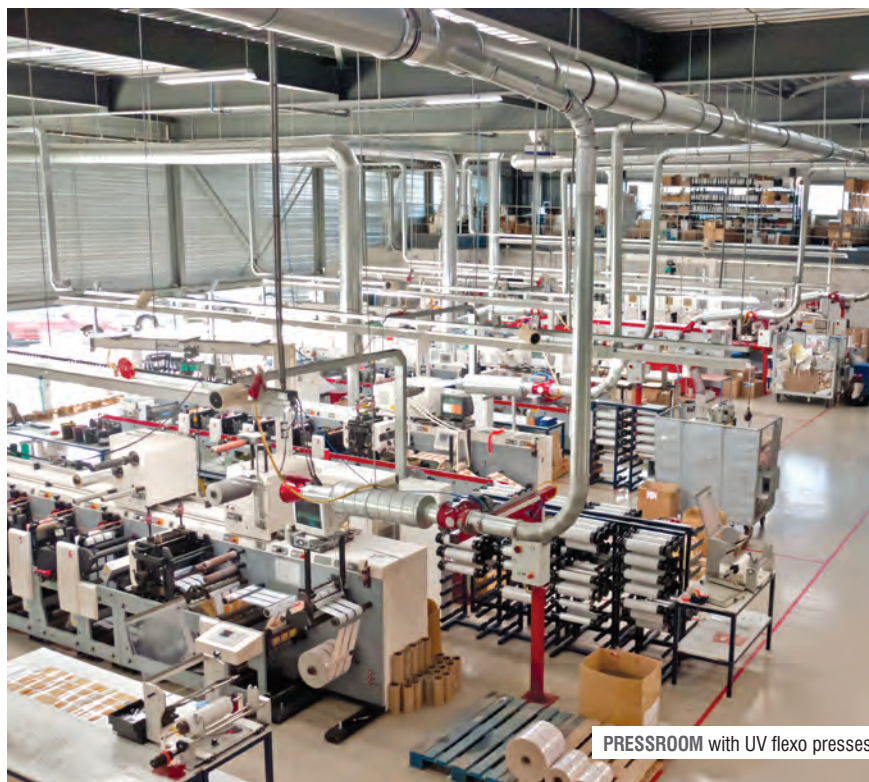
From the outset, continual investment and development

has shaped the company's growth. Following industry trends, the demand for short-run jobs has increased, but with fewer labels per job and shorter lead times. The firm also experienced increased pressure at the high end of the market, compounded with an economic downturn and decreasing prices. Faced with this negative spiral, the company recognized that it had to face the challenge of adapting and developing the business to ensure its future, which implied differentiating itself from competitors.

## THE DIGITAL CHOICE

To answer the shorter-run scenario, W&R Etiketten decided to introduce some form of digital color printing. But not before waiting to see where this technology was heading. 'It was only when Xeikon re-entered the label market and offered a serious alternative to existing systems that we saw real possibilities to re-invent our business. The 3300 is a new model and offers us the right quality at a constant speed. The overall investment was a lot more attractive than other systems. We don't like the idea of click charging. Plus it is a "green machine" because it uses more environmentally-friendly toners for printing on ordinary labelstocks,' says Willemsz.

He adds that the account managers still required the same amount of time to manage each order, so the choice was between hiring more of them, or automating and standardizing the work processes as much as possible to handle the increasing number of jobs. Cerm, which had earlier installed the firm's management information system, worked with EskoArtwork to jointly develop an automated



PRESSROOM with UV flexo presses

pre-press workflow. It incorporated an intelligent JDF connection suited to label production. EskoArtwork also supplied the RIP that drives the Xeikon 3300.

All job specifications, finishing requirements and delivery data are entered into the Cerm system, which eliminates the need for double entries and minimizes the risk of errors. The database provides all the necessary information for the EskoArtwork Automation Engine workflow, including color management for all jobs. The MIS passes job information to the Xeikon X-800 digital front-end through a JDF connection. This allows the X-800 to select the correct PDF job file from the central server and process it according to the settings specified by the MIS. During production, Xeikon sends real-time status information back to the MIS with a JDF/JMF connection to track jobs and monitor the uptime of the digital press.

At present some 50 percent of the company's sales are digital. With annual sales volumes increasing by around 10 percent, the company finds that some 20-30 percent of sales involve digital printing. Later this year the second phase of JDF workflow integration comes into effect for all production stages. Cerm's Web4Labels will allow customers to submit orders via the internet, upload data and track job status. The Cerm MIS and EskoArtwork Automation Engine will jointly plan and control the job information to, and retrieve data from, the UV flexo presses using shop floor data collection modules. The system also allows for scanning of bar coded labels on material reels for stock control purposes. The goal is to speed-up

order intake and job preparation, make planning and production more efficient, and significantly reduce the risk for errors. Tracking every aspect of a job's lifecycle will result in highly accurate invoicing and cost analysis.

Further into the future, Willemsz forecasts that W&R Etiketten will become a larger and more professional company: 'We will have two Xeikon digital presses running side by side, while we expect our conventional flexo presses to become even more efficient. In addition, the internet will become a major sales channel for us, and clients will be increasingly involved in managing jobs themselves. Ultimately we will make a big difference to our customers, thanks to our partners' unique end-to-end solution.'



JACK WILLEMSZ, managing director

## THE INSIDER

A ROUND-UP OF THE LATEST GLOBAL LABEL STORIES

### CONVERTER INSTALLS TWO LEOMAT FINISHING MACHINES

German label converter Aleithe Haftetiketten, headquartered in Lutherstadt Wittenberg, has purchased two LeoMat Practice 430 finishing machines with AVT camera inspection.

The specially constructed machines are equipped with an AVT camera for the inspection of adhesive labels, especially for the pharmaceutical industry, a crush knife unit, a shear knife unit, a web advance lifting arm device for saving time when reels are changed as well as two rewind stations and a friction rewind shaft for the exchange with a pneumatic rewind shaft. The LeoMat machines allow the reliable testing of pharmaceutical and other adhesive labels thanks to the AVT inspection, while the equipment can cut very narrow webs thanks to a second rewind station and a friction rewind shaft, with subsequent rewinding.

The LeoMat Practice 430 is equipped with efficient servo drive technology, has a high-quality and adjustable braking system, a service network as well as a job memory, therefore meeting the requirements of a label printer with high demands on processing.

### LABEL TRAXX NAMES EUROPEAN AGENT

Label the print business management software for flexographic narrow web label printers, has named Hans Poortinga as its agent in Europe. Under the agreement, Poortinga will market the Label Traxx product to label printers and flexographic converters throughout continental Europe. Label Traxx president Ken Meinhardt commented: 'Label Traxx is pleased to be associated with Hans Poortinga, who brings us a wealth of printing industry experience. As the Label Traxx agent for Europe, he will provide narrow web label printers, flexographic printers, and converters with a direct link to the most powerful software in the label industry. We look forward to a long and mutually productive relationship.'

### OFFICIAL LAUNCH OF CONTEGO PACKAGING

Following its recent acquisition by Platinum Equity, Nampak Paper Holdings has been renamed Contego Packaging. Contego Packaging produces cartons for the food and beverage sectors from two sites in the UK and one in Holland. In addition it supplies the pharmaceutical industry with cartons, leaflets, labels and blister pack foils from ten sites across Europe.



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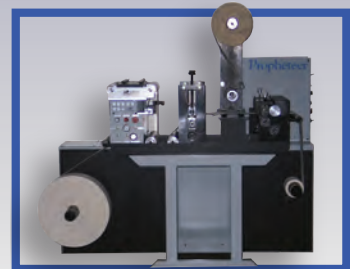
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# STOPPING THE COUNTERFEITERS

WITH THE WORLD HEALTH ORGANIZATION reporting that up to ten percent of pharmaceuticals in Europe and the US may be counterfeit, Carol Houghton asks what the industry is doing to protect consumers

Sales in the global pharmaceutical market more than doubled between 2000 and 2009. The Latin American and Asian markets have seen the strongest growth, pushing Europe's share in 2009 to third place at 31 percent. The American pharmaceutical industry remains the biggest in the world, with sales of around \$250bn. It has a 37 percent share – the world's biggest single market.

Some of the fastest growing Asian markets are China, Malaysia, South Korea and Indonesia, where a rise in disposable income has prompted intense competition amongst pharmaceutical companies and seen the emergence of health insurance schemes supporting sales of branded drugs.

China in particular has seen a huge growth in infrastructure and technology and is expected to contribute 21 percent of overall global growth through 2013. Meanwhile, Srikant Kumar Jena, India's minister for chemicals and fertilizers, claims his country is the third largest producer of pharmaceuticals globally.

## CHOOSING CONVERTERS

A clinical label with added security and information features can account for as much as 30 percent of the total packaging cost for a pharmaceutical product, while the majority of labels account for between five to ten percent.

Pharmaceutical packaging buyers have to consider a wide range of factors

apart from print quality when choosing a label supplier: experience in the sector, product quality and consistency, price, reliability, security, waste handling, financial stability and production and management strengths. Manufacturers tend to use two or three label suppliers to reduce the risk of supply failure and generally use local or regional businesses to ensure security and quicker supply. These may be independent converters, or regional arms of global converting groups. Converters need the capacity to react quickly and provide technical support. A long-term relationship is also desirable. Specifications are generally longstanding and the end users rarely desire change.





BLOOD BAG with multiple variable barcode labels

Manufacturers have many packaging requirements, including the outer box, leaflets and blister packaging. Blisters are made of aluminum and usually heat-sealed. The foil must be printed with the ingredients, expiry date and check code while the material is on the roll. A key trend is for converters, or converting groups, to offer all or most of these product components.

Converters in this sector need to be specialists in tamper-evidence and barcode-driven Track and Trace label systems. 'From haematology samples through to biochemistry departments, the need for 100 percent verified barcoded labels in the pharma sector is paramount,' says Dr Adrian Steele, MD, Mercian Labels Group, which recently acquired variable barcode pharmaceutical label specialist AC Labels. Steele says the labels they produce are normally multi-part with multiple colored bands associated with different departments within each hospital. They are supplied to the end user's specific requirements on rolls, sheets or fan folded sheets.

Glemser Technologies is a specialist in creating software which France leads the way automates the submission of label content to the appropriate regulatory authorities. The company is familiar with the range of hurdles faced by pharmaceutical and medical device companies – particularly the complexity involved in interacting with multiple health authorities. In addition, label content has to be printed in multiple languages and adjusted to meet local format and classification requirements. Other challenges include ensuring that changes to core data on all labeling documents and translations are implemented, erasing redundant product information.

## SECURE WASTE

A key GMP (Good Manufacturing Practice) requirement for pharma label converters is the ability to handle and dispose of waste securely. Every detail of the operation is tracked and labels must be stored securely. Printed labels are sent from press to inspection in a secure container, one per order. After inspection, the labels are packed into a secured, wire-bound cage system, cleared via a check-in, check-out system, signed and dated by two people. After job completion, all material is removed from the press area. Printing plates are stripped from the print cylinders and work orders are packed in a security box, with printed copy, to go to rewind and quality control check.

## LABELS&LABELING

Jan De Roeck, director of solutions management, EskoArtwork, says this means the packaging production workflow is no longer isolated from the rest of the pharma product lifecycle. 'A strong integration of the packaging assets and production processes with existing product lifecycle management guarantees a consistent brand message and ultimately contributes positively to the business goals of the pharma industry. Tangible benefits are reaped when automating repetitive and mundane tasks of the pre-production workflow and when managing the digital approval online.'

A significant trend is late-stage customization – implementing coding and marking at the latest possible stage in the production process, including instructions product details, disclaimers and expiry dates, as well as machine readable data like 2D matrix codes and production data. This is an area where digital printing is having a major impact on the industry.

## ANTI-COUNTERFEITING

Counterfeiters generally sell a low quality product masquerading as a known brand. Their products are distributed through networks of under-regulated wholesalers and re-packagers in the supply chain, internet pharmacies and illegal imports. The counterfeit market is particularly ferocious in the rapidly growing online sales of prescription products.

The counterfeit supply chain reacts quickly to opportunities and weaknesses in the legitimate production and supply of pharmaceutical products. The World Health Organization (WHO) estimates up to 25 percent of medicines in developing countries are counterfeit and that annual earnings from global sales of substandard medicines are more than \$32 billion.

The situation may well be getting worse. A joint survey by the International Pharmaceutical Federation (FIP) and Pfizer revealed that 63 percent of 2,000 community, retail and hospital pharmacists in Europe, the US and Australia believe current policies and technology are insufficient in dealing with counterfeit medicines.

Serialization offers another way to protect against counterfeiters, but even here there are dangers. Unique serial numbers are traditionally sequential but this is predictable and easily copied. Even randomization presents the possibility of repeated numbers, compromising reliability.

Generating and managing serialization demands proper organization at the corporate level. Data must be strictly controlled and protected, and after high-speed printing and code verification, codes must be easily but securely retrievable. Traditionally, pharmaceutical companies viewed serialization as a packaging supplier responsibility, but it is now accepted that it needs to be driven by corporate IT systems.

A key trend is to produce multi-layered anti-counterfeit systems. Ian Lancaster, general secretary of the Institute of Healthcare Management (IHM) believes multi-layered holograms have a key role in protecting patients' safety because of their ability to combine authentication with covert, forensic and track-and-track elements when used as seals, labels or as the foil on blister packs.

Also widely used are destructible films, fluorescent fibers and security inks. RFID is used, although there remain some performance issues and the need for a complex infrastructure. Inkjet specialist Atlantic Zeiser, for example, offers systems for direct package printing and as well as RFID label systems as anti-counterfeit measures. The company's strategy involves incorporating these systems into late customization solutions.

The self-adhesive labels sector has generated some ground-breaking innovations. Schreiner ProSecure, for example, has developed a system of magnetically encoded thin threads, which are inserted between the adhesive and backing paper of a pressure sensitive label. FluxSecure elements have a diameter of about 30 micrometers and are built from a metal alloy mixture surrounded by a glass coating. The magnetic properties of the authentication feature can be read without line of sight using a



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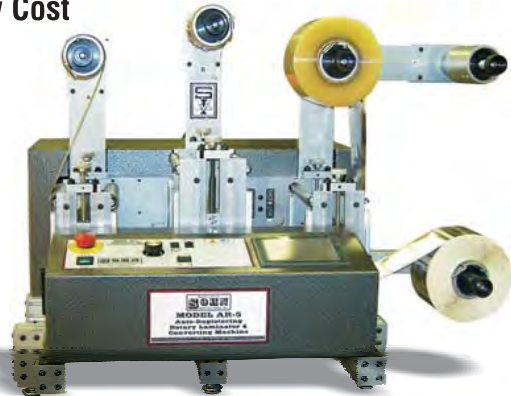
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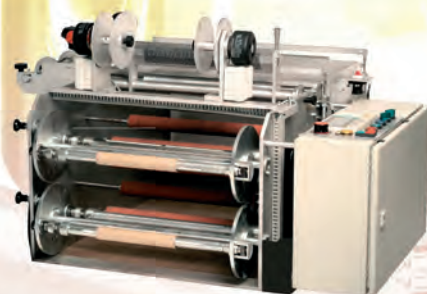
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## PERFORMANCE REQUIREMENTS

Labels need to adhere firmly to the wide range of container types used in the pharma industry. There are distinct requirements for blood bags and non-migration adhesives for thin-walled containers which might also require sterilization. UPM Raflatac, for example, recently launched RP 31 Purus non-migration adhesive for labels applied to liquid filled low density polyethylene (LDPE) containers used for squeezable nose and eye drop containers.

handheld reader or sensor that generates a magnetic field, so products can be verified through heavy and metallic packaging.

At the same time as anti-counterfeit technology develops, organizations such as GS1 and EPC Global are helping to define standards to create a globally coherent track and trace strategy. GS1 standards use a unique set of identification numbers for products, companies, locations, services, assets, logistics units or customers and will affect the supply chain from manufacture through to the pharmacy.

## FRANCE LEADS THE WAY

The European Parliament passed a directive in February compelling pharma companies to print security codes on every product's packaging in the EU from 2013, making them traceable and, in theory, harder to counterfeit. This will require an investment of up to 10 billion euro, primarily to modify production processes and invest in coding and Track and Trace systems. Digital printing and its integrated verification modules will also play a part.

The European Federation of Pharmaceutical Industries and Associations agrees that 2D coding is a technology that will help protect patients against counterfeit drugs. And Gallus CEO Klaus Bachstein, speaking at the recent Brazil Label Summit (see p.88), said this represents a major opportunity for label converters to add value to services offered to pharma end users.

France has been a pioneer in legislating for such systems. Since 1 January 2011 all production lines in France must contain the new CIP 13 standardized GS1 code, a batch number and expiry date. The rest of the world is expected to adopt similar measures, meaning all medical products will be labeled with a GS1 data matrix 2D barcode. France's healthcare minister Valérie Marchand believes the cost of implementing 2D barcodes means most manufacturers will only begin using it if it is made law.

The main barrier is the lack of space to add new labeling equipment to production lines, posing problems such as multiplication of interfaces and system

## LABELS&LABELING



100 PERCENT BARCODE verification in action on a high speed variable barcode press used for pharma labeling

## OVER THE COUNTER

Over-the-counter (OTC) is a fast-growing market for non-prescription pharma products. The sector increasingly utilizes the branding power of both PS and shrink sleeve labels, which have built-in security features and advanced graphics. Blister packaging is increasingly being used instead of labeled rigid containers.

Regulations introduced in 2002 required over-the-counter drug packages to display more information in a standard format and minimum font sizes to make it easier for consumers to read, leading to a trend for extended content labels and peel-able self-adhesive booklet labels.

Selling through large retailers presents new challenges for pharmaceutical companies. Brands need to attract the consumer's attention and as image and price have the greatest impact on the buying decision, manufacturers are choosing more colorful and elaborate designs to stand out from competitors. The difficulty is in producing a label which displays the required information and promotes the brand cost-effectively. Packaging has to be tamper resistant but easy to open while innovative graphics have to support the brand's identity.

communication issues. Labeling systems manufacturers have produced solutions to meet these requirements, with Avery Dennison, for example, adding a dedicated data matrix module to its AVL labeler.

Frédéric Lemaire, Southern Europe manager for Avery Dennison's major accounts, states, 'Establishing an effective medicine traceability system is a major challenge for pharmaceutical companies. France is the first country to standardize the use of data matrix codes, but it is a regulation that will ultimately become the standard worldwide.'

Verification of these codes is emerging as a key area for technical development. Auto ID solutions provider Fairfield Group, for example, recently launched a multi-scan system which identifies 1D, 2D and pharmacodes in one scan. Mark Lynch, Fairfield's managing director says; 'This solution enables clients to read any valid current code, without having to change scanners, saving masses of time and effort.'



THE NEW GS1 Data Matrix 2D barcode contains the CIP 13 standardized GS1 code, a batch number and the medicine expiry date, enabling complete visibility

Dr Adrian Steele, MD, Mercian Labels Group says that poorly printed barcodes which get through to the end user will cause delays in testing laboratories and in the worst case could have life threatening consequences. 'All our materials go through on-site testing to ensure their suitability in the differing environments throughout different hospital's departments,' says Steele. 'In our experience all barcodes printed for pharma labeling applications need to be 100 percent scanned for verification during the printing process and again batch tested to ASCI standards during the rewind and packing process.'

AVT's marketing manager, Guy Yogeve confirms a growing demand from pharmaceutical printers to decode and verify barcodes and variable codes as a direct demand from the pharma companies. 'Our Helios II is able to verify and grade all of these codes (1D codes, 2D codes, running numbers), compare them to a known database and alert for any duplication, missing codes, corrupted codes, etc – all in parallel to the regular print inspection.' Job verification is carried out against a PDF file.

The fight against counterfeiters as well as to reduce costs and achieve 100 percent labeling accuracy involves the label converter as a key component in the pharma production, logistics and distribution chain. As such, there remain great opportunities to sell added value services and move further away from selling on price. In this market it is value, expertise and integrity that is valued by end users above all else.



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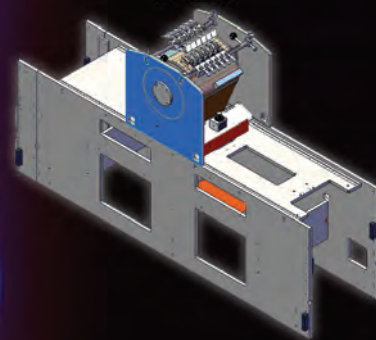
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**LABEL SUMMIT LATIN AMERICA 2011** attracted 720 delegates – the highest attendance ever at any Label Summit in the world

# Brazil Label Summit celebrates growth

**A LIVELY CONFERENCE** program discussed issues ranging from Brazil's tough new waste legislation to mergers & acquisitions and making global alliances. Andy Thomas, Danielle Jerschefske and James Quirk report

Label Summit Latin America 2011, which took place in Sao Paulo on May 17-18, attracted 720 delegates – the highest attendance ever at any Label Summit in the world. This was the fourth edition of the two-day conference and table-top exhibition in Brazil. Altogether 46 speakers took part in 13 sessions, while delegates were able to meet with 54 exhibitors from around the world.

The Keynote speech was given by Jouko Lähepelto, senior vice president Americas and Asia-Pacific at UPM Raflatac – highly appropriate given Raflatac's recent acquisition of Brazilian coater Gumtac.

Lähepelto pointed out that pressure sensitive label consumption in Brazil has grown from 1sqm per person in 2001 to 2-3sqm in 2010, with consumption growing at around eight percent a year. The fastest growing sector is health and personal care, followed by variable information (VIP) labeling and beverages.

This is part of a global trend which is seeing PS growth shift massively towards developing regions. Lähepelto estimates that over the next decade 80 percent of global PS growth will come from emerging markets, and Latin America will

average 5.7 percent growth a year.

Tackling the issue of price rises, Lähepelto the rise in raw material costs would more than match the growth rates of developing economies, and will continue into the indefinite future. 'This is not sustainable, and means we have to innovate and continue to take market share from wet glue cut & stack.'

Eduardo Chede, president of ABIEA, explained the growth of PS label consumption in Brazil by Brazil's extraordinary success in raising people out of poverty. A Federal taskforce set up by the government 18 months ago lifted 16 million people out of poverty, taking the total over the last decade to 46 million. 'This means that the consumer market in Brazil has 46 million new people in it. That is more than the population of many countries.'

The mechanisms included fiscal reforms, the 'family grant' and compelling the banking sector to make loans available. 'This means today the situation for PS is very favorable and will remain so for the next few years at least.'

Turning to the Brazilian converting industry, Chede said the last 18 months had seen a record number of narrow

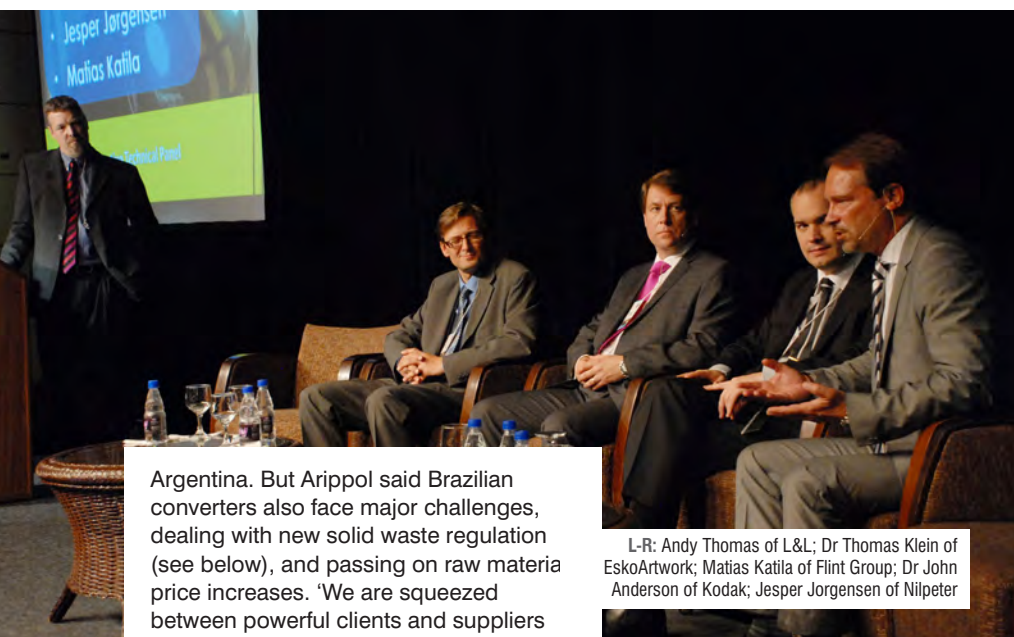
web presses including international models which had never before been seen in Latin America. At the same time, there has been significant investment in both the quality and capacity of Brazil's coating industry.

For Chede the biggest challenge faced by the Brazilian label industry is training. 'If we are to continue to grow and expand into international markets we need to improve training all along the label chain, and this applies as much to executives as factory floor operators.' ABIEA has already started its own training programs.

Jeffery Arippol, president of leading Brazilian converter Novelprint, said Brazil had come through the worst of the global economic crisis relatively unscathed and agreed that the PS industry is set for high levels of growth.

Later in the conference Arippol gave a more detailed presentation about trends in the local beverage market, where Novelprint has successfully transformed key beer brands using innovative PS technology. Ricardo Leonel Vieira of Owen-Illinois Brasil outlined the massive growth potential of the local beer label industry, citing Brazil's low per capita consumption compared to neighboring





Argentina. But Arippol said Brazilian converters also face major challenges, dealing with new solid waste regulation (see below), and passing on raw material price increases. 'We are squeezed between powerful clients and suppliers and it's not easy to keep our margins. We need to both pass on price increases and become more efficient.'

#### ACQUISITIONS OR PARTNERSHIPS?

Ricardo Ribeiro of Brazilian consultancy Asterisco Consultoria e Participacoes gave an excellent presentation about mergers and acquisitions. The top ten converters in the Brazilian label industry account for a 28 percent market share, with a fragmented mass of some 1,000 printers covering the rest. Therefore, argued Ribeiro, mergers and acquisitions should be considered as ways to strengthen capabilities and compete for a greater share of the market.

Outlining the major acquisitions in the Brazilian label market in recent years, he cited the examples of CCL's 2006 acquisition of local converter Prodesmaq, which is on course to provide a return on investment three years earlier than forecast; and the joint venture between Fedrigoni Group and Gafor, to create Arconvert Brasil, which has yielded an eight percent market share in two years.

Two converters with experience of working with converters outside their own countries – Iban Cid, president of Spanish converter Gemark, and Fernando Gabel, managing director of giant Brazilian converter Baumgarten – took up the discussion. Gabel stressed that sales agreements were often an overlooked aspect of a partnership, which need not necessarily be based around exchange of technical information.

The CEO Analysis on Leadership session brought together an international panel of leading label converters: Aldo Gonzalez of Cameo in Chile; Luis Maria Garcia of Multilabel, which has operations in Argentina, Brazil and Mexico; Jaime Yoshiyama of Kuresa in Peru; Fabian Silva of Etiquetas Anro in Mexico; and Iban Cid of Spanish converter Gemark.

L-R: Andy Thomas of L&L; Dr Thomas Klein of EskoArtwork; Matias Katila of Flint Group; Dr John Anderson of Kodak; Jesper Jorgensen of Nilpeter

As well as answering general questions about the challenges of leading a company, each panelist also focused on their individual experiences: Luis Maria Garcia spoke about the challenges of leadership across different countries and cultures; Jaime Yoshiyama discussed management during a company's expansion; Fabian Silva outlined the challenges of working in a family-run business; Aldo Gonzalez spoke of team integration during and after the merger and acquisition process; and Iban Cid discussed his experiences of running European association Finat and Spanish association Anfec. The transcript from the CEO panel session will be published in L&L issue 4.

Continuing the global theme, Gallus CEO Klaus Bachstein summarized new European legislation on pharmaceutical and food labeling, which converters throughout Latin America. 'Good manufacturing practice will become a fundamental necessity for the label and packaging converter,' he said. 'A standardized way of manufacturing is not only a European demand, but a global one. Brand manufacturers and retailers will require printers to meet these demands, or business will be taken elsewhere.'

Aislan Baer of consultancy ProjetoPack Group spoke of the opportunities available to narrow web converters in the short run flexible packaging market. Examples include bathroom products for hotels – in Brazil the hotel and hospitality industry is growing 81 percent – or domestic airlines, as 70 million people a year now travel on internal flights. 'In the private label market, runs are generally smaller, and 13 percent of new label launches in Brazil are through private labels,' said Baer. Jaime Dagnino of MPS confirmed that 70 percent of the



JOUKO LÂHEPELTO, senior vice president of UPM Raflatac Americas & Asia Pacific, gives the keynote presentation

L-R: Andy Thomas of L&L; Iban Cid of Gemark; Fernando Gabel of Baumgarten; Ricardo Ribeiro of Asterisco



#### SAVE THE DATE

**Label Summit Latin America** will take place in Guadalajara, Mexico, in 2012, and returns to Brazil in 2013.

presses the company sells in the region 'are flexible packaging oriented'.

#### ENVIRONMENTAL PRESSURES

The Brazilian government's recent National Policy on Solid Waste (Politica Nacional de Residuos Solidos a.k.a PNRS) enacted in August of 2010 has become a pressure point for the local label industry. The policy was discussed at the label summit in both the Labeling Materials session and the Environmental Priorities session.

The purpose of the PNRS is to develop the recycling industry in Brazil with legislation that is as strict as that in Europe. It puts responsibility for collection and re-use of waste on the company that produces the waste, but also seeks to tie each level of government – federal, state and local – and private firms into a 'reverse logistics' system to manage the recovery and re-use of solid waste. Currently the country's waste collection systems are highly fragmented.

Industry leaders from Ritrama, Ahlstrom Brazil, Colacril Auto Adesivos Parana and Henkel USA addressed these issues in a panel which also considered the development of thinner films and linerless developments. All participants agreed on the need to find viable alternatives for liner waste, diverting it

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DELEGATES were able to meet with 54 exhibitors from around the world

from incineration and landfill, and the new Brazilian legislation has focused attention on how this is to be achieved over a short timescale.

Felipe Soto, Ritrama, spoke for all panel members, when he said 'Globally, we must look at the self-adhesive label chain in its entirety and evaluate how to collect products at all of the points of disposal.'

Valdir Arjona Gaspar, president at Colacril said: 'The life cycle of the materials we use must be sustainable and we must know where the waste is going. The logistics chain needs to be well-studied.' He explained that Colacril is at the second stages of testing a full life-cycle solution for the recovery of filmic liners which are reprocessed into new liner or facestock, something it had been working on in anticipation of the solid waste law. The company hopes to introduce the liner recovery project to the market in 2012. It will provide customers with a certificate for the recycled content of the material.

Luciano Neves, sales director for Ahlstrom Brazil, stressed the importance of overcoming recyclability issues pertaining to the removal of adhesives and silicone, and pointed out some environmental benefits to using paper liner versus filmic liner, such as the bio-degradability of tree

fibers. A sometimes heated debate with enthusiastic audience participation showed the scope of problems to be solved and research to be done to implement the PNRs.

The potential for linerless labels came up as a question from the audience. The panel appeared to agree that the technology is great for niche markets, but is not the answer for the broader industry sectors. Ingrid Brase, market segment director for Henkel USA, said: 'It will not take over the world market, but linerless will find its place in the market. Later in the Summit, Jeffery Arippol said his company is now working on a linerless label and applicator system.

Karina Spina of Celulose Reciclada talked about her company's successful recovery of paper liner from a number of Brazil's leading brand owners. It appeared that a good number of the summit's attendees were not familiar with the liner recycling firm, yet were eager to discuss cooperation with Spina after her presentation. Celulose Reciclada has a current capacity of 1,000 tons. It is installing a new system by the end of the year that will increase capacity by another 1,000 tons. The company has a main



THOMAS Escario of HP Indigo Brazil guided visitors through live demonstrations of the WS6000 digital press on both days of the event

## HP DEMOS WS6000 DIGITAL PRESS

This was the first Label Summit to feature live working machinery demonstrations, in this case an HP Indigo WS6000 digital press. Thomas Escario of HP Indigo Brazil guided visitors through live demonstrations in the exhibition hall on both days of the event. The machine on display had been purchased by Brazilian converter MackColor.

Fernando Alperowitch, business manager, HP Indigo and Inkjet Press, Latin America, reports that the company has installed more than 30 WS6000 digital presses in Latin America, with Chile, Mexico and Brazil the most common destinations.

storage facility in the center of Sao Paulo where material can be delivered. It will then move the material from the city to its plant located just outside Sao Paulo. The cost to work with Celulose Reciclada is estimated to be less than current waste pick-up fees.

Danilo Pereira Silva, quality and environmental manager for AmBev BSA Rotulos Sao Paulo, talked about the benefits the international brewery has found since implementing its own environmental management system. Silva said the company's mission statement is to be the 'largest beverage company in a better world'. He encouraged local converters to be more proactive in their sustainability efforts and is looking forward to working more closely with the label industry in joint projects to reduce waste.



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# Think labels. Think smart

**BARRY HUNT** examines developments in the world of smart/RFID labels

Making labels cleverer, smarter and more intelligent is where the future is said to lie. Global end-users and other influencers already confirm this. After all, smart labels can communicate data at levels that far exceed those achieved by printed text, optically-readable bar codes or graphic images. Of course, everyone is familiar with programmable RFID tags which transmit data via radio frequencies to an RF reader. They use silicon chips and antenna inlays (variously called a transponder or integrated circuit) embedded in a thin polyester or polyamide film. Now we are seeing the growth of 'smart-active' labels (SALs), as well as 'intelligent' labels.

Roll-label printers generally have mixed feelings about these developments. Most perceive that mixing with the smart label set is out of their reach, especially firms serving smaller local buyers. They may well be right. Besides clever converting

machinery, they need clever personnel that can exploit them and generate ideas and applications. Nevertheless, several RFID machine manufacturers offer entry-level machines to insert pre-made RFID inlays, or transponders, between facestock and liner materials (wet inlays), or supply them without an adhesive backing (dry inlays).

This allows some level of market accessibility, but complete converting systems are required for producing scaleable volumes of smart labels, baggage tags and tickets. These roll-fed machines include delaminators, RFID inserters, relaminators, die cutters, slitter/rewinders or fan-folders in web widths up to 20 ins (520mm). Most systems include inspection modules with reject facilities for faulty inlays. The leading manufacturers, such as Bielomatik, Melzer and Mühlbauer, offer end-user turnkey solutions, which may include chip-based ID cards, passports, licenses and other services.

This fact alone highlights the barriers that most mainstream roll-label printers face. They may have the required substrate converting and process technology skills, but the ability to develop links within integrated auto ID and RFID systems as one of several third-party suppliers is another matter, as Jeremy Westcott, Edale's head of sales and marketing, explains: 'There is no doubt that enquiries for equipment for producing smart labels have decreased since their peak around Labelexpo Europe 2007. Then, a move into RFID appeared a very attractive proposition, with a great deal of hype around the growth of use of RFID in both the ticket and label markets. However, strong competition, high associated costs and a requirement for knowledge of complete RFID solutions meant that many enquiries never came to light.'

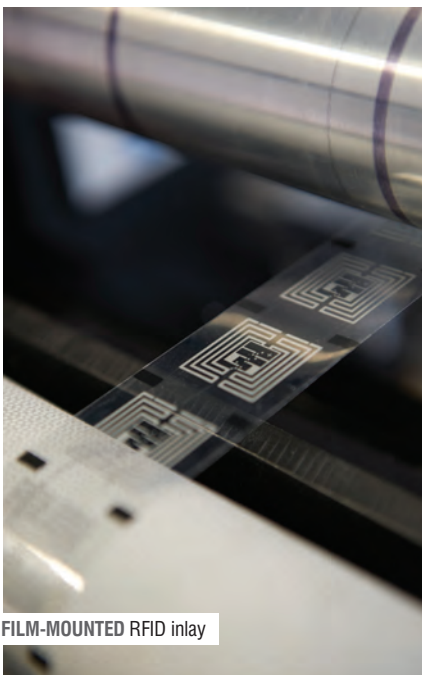
He accepts that the volume of

RFID-related enquiries for Edale's Lamda web processing platforms have remained relatively static, but says the quality of enquiries has undoubtedly increased. 'Our more recent enquiries are predominantly focused on volume production. We have always promoted off-line inlay insertion, which naturally lends itself to this method, but differentiated through increased speed and wider web widths over our competition. This combination and a flexible approach to machine configuration has resulted in a number of successful smart product installations.'

For converters, one of the more positive aspects is that multi-level RFID technology has spread to all corners of the globe, reflecting the growth of transport ticketing services, parcel services, source tagging, event ticketing, returnable transit items (RTIs), toll and parking collection systems, and mass transit tickets. This expansion into new market segments already affects many aspects of our daily lives, just like the ever present bar code.

## COST FACTORS

System vendors agree that a more mature and growing market has followed a better understanding of the issues that determine return on investments, rather than concerns related solely to costs. A quick and positive ROI is especially important to potential RFID users during times of economic downturns. Nevertheless, it was the introduction of cheaper, and more versatile microchips – heralding the '5-cent label' – that made item-level tagging a feasible proposition. Today this centers around passive RFID tags, which draw their power from the magnetic field created by a chip's antenna. Even cheaper are the chipless tags for basic applications involving a minimum of data. By contrast, the chips in active tags still cost many dollars



FILM-MOUNTED RFID inlay



RFID production on an Edale Lambda machine

each. Active tags have an internal battery to power microchip circuitry and read and write data via a radio signal with a greatly expanded reading distance. They are ideal for tracking expensive items, such as shipping containers, or monitoring environmental conditions.

Another vital boost to RFID usage was in tidying up the various standards governing the read/write radio frequencies to identify individual products. The foundation of the Electronic Product Code (EPC) – a unique code embedded in the RFID tag's memory – was a landmark that led to the EPCglobal Network. The latest Generation 2 standard (Gen2) now drives global standardization of tags/inlays. Ultra high-frequency (UHF) tags for tracking such items as containers and pallets

have a working frequency of 915 mHz and have transformed global RFID usage. Gen2 also applies to the High Frequency (HF) inlays used for ticketing and some item-level tagging operating with a frequency of 13.56 mHz.

Most chip makers, software developers and printer/encoder manufacturers have adopted UHF Gen2 technology as the platform for future growth. Nevertheless, older protocols remain in use, subject to revisions or replacement by newer versions. Each requires separate reading and encoding equipment, supported by dedicated management infrastructures. As a result, several manufacturers have developed printer-encoders with a multi-protocol capability.

Among several proprietary products, Bielomatik's latest RF-Loop Tag allows converters to manufacture so-called wet antennas from self-adhesive materials and a thin 10-micron aluminum foil that is die cut. The near-field UHF tags are said to offer many low-cost solutions for large-scale, item-level usage, including hidden inlays for the packaging industry. Other types of tags have solar batteries that permit RFID labels to continuously monitor their environment in real time without requiring an RF power source.

Electronic printing is an alternative technology for producing antennas for inexpensive inlays. It also permits the simultaneous printing of other parts of the label or tag to help reduce costs. Instead of etching, the 'eco-friendly' process uses conductive inks, usually deposited by screen process printing, although flexo and gravure have been used. With its precise drop-on-demand deposition, inkjet printing is also seen to have good potential. While some inlay manufacturers may question the resolution quality and read/write performance of printed RFID circuits, high-volume production is already a reality. For example, Exax, a South Korean chemical manufacturer, has been operating the world's first production line for printed HF and UHF RFID tags for over two years, using a customized rotary screen line from Stork Prints and its own conductive inks.

Combining the latest 3G (or higher) smart phone technology with Near Field Communication (NFC) technology is an interesting development that could widen the involvement of roll-label converters. The NFC chips are embedded in the label and can communicate with any smart phone containing a Near Field Device to display the information on the phone's screen. Unlike RFID it does not require a lot of expensive hardware to read and write the chips; that functionality is already built into the new smart phones.

NFC suppliers to application developers include UPM RFID, which recently introduced a new selection of RFID NFC tags and inlays. They include small products like the round UPM Circus and UPM MiniBlock (15 x 15 mm) for advertising and loyalty card applications. The company is building a global

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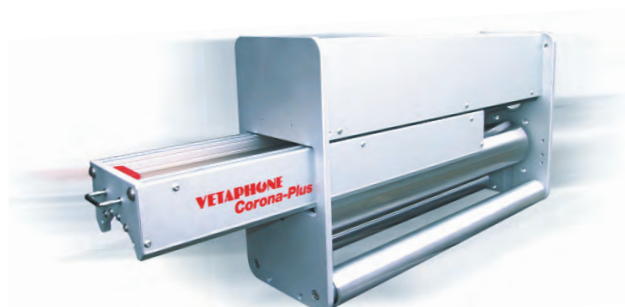
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THE NEXT GENERATION of smart phones will have NFC communication built in

network of companies to meet market demands driven by a rapidly growing number of NFC smart phone users.

In a related development, the Dutch firm of NXP Semiconductors is collaborating with UPM RFID, a manufacturer of passive HF and UHF tags and inlays, to design and manufacture NFC tags and inlays for various mobile applications. They include peer-to-peer data exchange (such as business cards), location-based advertisements, loyalty programs and discount coupons.

This highlights the growth of specialized turnkey services for specific item-level applications. For example, TagSys targets the luxury watch and jewellery market at one level, while offering track and trace systems for the pharmaceutical and healthcare markets at another. Like most other suppliers it carries out its own R & D and tag design, while relying on third-party suppliers for system components.

#### EVEN SMARTER

The smart-active labels (SALs) and intelligent labels mentioned earlier are the polar opposites of the commodity labels. There are numerous examples, such as SALs that respond to external/internal conditions to monitor microbial growth, and time or temperature-sensitive conditions. Others indicate sterilization or autoclaving levels, as well as eliminate oxygen and manage

moisture levels in pharmaceutical packs. Many smart labels respond to trigger-type activities, such as container filling, the release of pressure or gases, or exposure to UV energy. Food freshness indicators represent another important SALs market. Cumulatively, they can provide proof of some essential process control, or proof of proper handling and storage.

Much has been written about the ability of smart/intelligent labels and tapes to help deter retail theft, aid anti-counterfeiting programs, provide tamper proof security, and authenticate consumer products. Security methods can include fluorescent inks and varnishes, special coatings, coin reactive inks, micro text, scratch-off surfaces, laser-sensitive inks, hidden images, holographic and thermochromic inks. However, according to Ronald Noble, Interpol's secretary general, the money currently spent on brand protection is negligible. In 2008 only US\$4.8bn was invested in this area, less than one percent of the estimated US\$650bn lost through counterfeiting that year.

Despite the availability of numerous security products and services, experts point to the lack of secure and scalable technology available for widespread adoption in a practical and cost-effective way. The new 1-Tag, jointly developed by Heidelberg and the Leo Burnett advertising agency, is claimed to offer a secure solution for high-value and safety-related products. It combines a random copper wire pattern with a 2D cryptographic image applied with a Heidelberg Linoprint drop-on-demand inkjet printer. Consumers can check the tag's encryption on a smart phone using free decryption software, allowing highly accessible checks of a product's authenticity. Brand owners can incorporate the codes into every level of packaging from shipping pallets through to the pack itself. In conjunction with German company Saueressig, Heidelberg also markets a cost-effective solution that integrates hidden images within a color separation that is read using a decoder.

The software-enabled camera phone has spawned several security-related developments, such as scanning printed 2D multifunction QR codes. Examples include the Digitrack Mi6 family of covert or overt 2D codes with customized security features supplied by Complete Inspection Systems in Florida. Scanned with a smart phone, they direct manufacturers or distributors to a secure web portal to authenticate and receive encoded product information.

Consumers can also obtain product information, or even videos, over their smart phones with the appropriate app.

Ohio-based Sekuworks says its DuoSecure system combines authentication, verification, and track/trace in a single label. The labels are printed either with flexo or an intaglio/flexo process that includes micro text, and also includes security holograms. Smart mobile phones with an 'app' that reads Quick Response (QR) encrypted matrix codes can provide hyperlinks with websites for unit-level verification and tracking. In New Zealand, Pakwork has developed labels with RFID tags manufactured by Microsoft. Smart phone users can scan labels to authenticate high-value goods, such as health or skin care products, via a dedicated web site. It also supports product and contact information. As an extension of consumer marketing techniques, such tagging applications would appear to have great potential.

Another approach to brand protection is to apply a forensic technique using covert DNA taggants, or solutions. They permit instant verification, usually after applying a testing fluid. An example is the SigNature DNA marker from Applied DNA Sciences in New York State. Uniquely derived from botanical DNAs, they can be included in any component of woven and printed labels, including top coatings, adhesives, and inks for secure, tamper-evident labels. Users can embed serial numbers or invisible 2D barcodes using machine-readable DNA encoded inks.

In many respects, these and other high-tech smart label applications take the age-old art of placing one specially-formulated coating on top of another to a high level of technical expertise. Work currently being undertaken with nano-barcodes and nano-tagtagants further stretches this concept. Incorporated into paper as nano-scale fibers, they can carry an electrical-magnetic or optical signature which is revealed by a special scanner to authenticate products and packs, or track and trace them. Several of the industry's more entrepreneurial roll label printers are actively developing special products with these and similar innovations, with some licensed to franchisees. An ability to offer smart and intelligent labels arguably provides the sort of business model that many medium-sized converters should be seeking, so avoiding being squeezed between the more agile smaller firms and the larger globalized converting groups.

# NEWS EXTRA

## THE INSIDER

A ROUND-UP OF THE LATEST  
GLOBAL LABEL STORIES

### APEX GROUP TO MANUFACTURE IN BRAZIL

Apex Group of Companies has opened an anilox roll manufacturing facility in Curitiba, Brazil. Apex will supply the region with its recently patented Genetic Transfer Technology, as well as ceramic coated and laser engraved anilox and metering rolls. Production will begin in July 2011.

### FTA NAMES MARK SAMWORTH TO HALL OF FAME

The US Flexographic Technical Association has named Mark Samworth, color consultant at EskoArtwork, the 49th – and youngest – inductee into its Hall of Fame. Samworth's expertise in color science and understanding of technology led to his developing ten issued patents, with more pending. His inventions include FlexoCal, Hybrid Screening, Plate Cell Patterning, Concentric Screening, Equinox 7c process color, and Press Sync--technology that has helped promote, improve, and in some cases, revolutionize the flexographic process.

Samworth began his career with DuPont in 1984, where he held numerous positions in the areas of flexographic plates and electronic imaging. From there, he moved on to Professional Computing Corporation (PCC), which evolved into Artwork Systems and eventually merged with Esko-Graphics to form present-day EskoArtwork. In 2002, Samworth, along with industry colleague Mark Mazur, was presented with the FTA President's Award, in recognition for his work on Project FOG (flexo, offset, gravure) the first-ever print demonstration comparing all three processes.

### ASAHI NAMED COLOR-LOGIC PARTNER

Asahi, a developer of photopolymer plates for use in flexo printing, has been named a technology partner by Color-Logic. Color-Logic's chief technical officer Richard Ainge commented: 'Asahi flexo plates underwent extensive Color-Logic tests at the Clemson University Sonoco Institute of Packaging Design & Graphics, ensuring that the Color-Logic Process Metallic Color System can be successfully executed using Asahi printing plates on a variety of flexographic presses. Flexographic printers thus can be assured that they can successfully run metallic images for their label and packaging customers using the Color-Logic system.'

## CRYPTOGLYPH MARKS AN INVISIBLE SOLUTION

ALPVISION has developed a unique security process to protect pharmaceutical manufacturers against the increasing threat from counterfeiters. Carol Houghton reports

Cryptoglyph (Crypto = encryption, glyph = marks) from Alpvision is a unique security process providing markings, which are invisible to the naked eye, using standard ink and printing processes including offset, rotogravure, flexo, laser and inkjet. Easily integrated into existing workflows, the patented digital technology offers brands protection against counterfeiting and adds track and trace capabilities to combat gray market diversion.

The Cryptoglyph process involves printing micro-points over the primary or secondary packaging of pharmaceutical products. The dots are hard to spot even under magnification because of the use of the imperfections in all printed material as camouflage.

The micro-points contain encrypted information that can only be read using a 128 bit encryption key. Micro-points are easily added into the design of any packaging manufacturing process or document processing system.

Markings can be read by standard electronic equipment – a flatbed scanner or camera phone – for high speed detection and quality control. They can be validated locally or remotely. In the case of remote authentication, results can be sent straight back to the field controller anywhere in the world via the mobile phone or PC screen.

Cryptoglyph does not need specific hardware or additional security feature elements like special inks, holograms, taggant or special labels processes.

## SHRINK SLEEVES PREVIEWED

Innovator in shrink sleeves Chadwicks is the first in the UK to launch the pioneering 3D proofing software, Quadraxis Sleeve 3D. Chadwicks can now offer its customers an innovative preview solution for visualising finished shrink sleeve products prior to production. Quadraxis Sleeve 3D v4 facilitates the design stage and speed of turnaround on shrink sleeve label projects.

Martin Hardman, sales and marketing director at Chadwicks, said: 'It is important that our customers can visualise their finished product and fully understand the methods involved in creating bespoke shrink sleeves for their brand.' Sleeve 3D demonstrates how the customer's artwork can be manipulated prior to the sleeving process to ensure that any post-production distortion effects are eliminated, and designs are applied exactly how the customer expects them to appear. Chadwicks is part of the Flexible Packaging Division of the Clondalkin Group which has more than 40 manufacturing sites located across Europe and North America.

## CLONDALKIN GROUP GROWS

International packaging producer Clondalkin Group has revealed plans to further strengthen its position in the European pharmaceutical and healthcare sector. Following recent accreditations secured by Boxes Prestige Poland and Harlands Labels Poland, Cahill Printers in Ireland and Harlands Labels in the UK, the Specialist Packaging Division now has eight manufacturing sites across Europe with PS 9000:2000 certification, offering extensive and unique production and service capabilities in cartons, labels, leaflets, literature and inserts / outserts.

The expansion of pharmaceutical and healthcare capabilities has been supported by a multi-million Euro investment programme within the division over the past two years, leading to a much wider range of products available throughout the eight European manufacturing sites, including leaflet and leaflet labels capability in Poland and both perfect bound and saddle stitched booklets / manuals in Ireland.





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# Message in a bottle

**HP INDIGO** organized a tour of customers in Chile and Argentina for a group of Mexican converters seeking to learn about the benefits of digital printing for the wine label sector. James Quirk reports

According to research firm Datamonitor International, the wine industry in Mexico is growing at three-to-four times faster than the country's spirits industry; 20 times faster than the US wine market; and three times faster than the global average. The Mexican wine industry uses some 150 million labels a year, representing five million square meters of substrates annually. Yet just 30 percent of this figure is supplied by local converters, with imports from the United States and Europe taking the lion's share.

With digital printing technology establishing an increasingly firm foothold in the wine labeling sector around the world, HP Indigo sees great potential for its Mexican customers in this burgeoning local market. With this in mind, the company recently organized a tour of digital wine label converters in Chile and Argentina, Latin America's leading wine producing countries, to show some of its Mexican clients first hand the benefits and opportunities of digital technology for this sector.

Representatives from Mexican converters AGC Digital, Etiflex, Etiquetas Rodak, Flexoprint, Grupo Etimex, Grupo Industrial Artes Gráficas Hispano, Impresión y Diseño de México, La Etiqueta and Publigráfico International spent four days visiting

HP Indigo customers and vineyards around Santiago and Valparaíso in Chile and Mendoza in Argentina. All but one of the companies are users of HP Indigo digital presses.

They were joined by HP Indigo staff from the company's Mexico, Chile and Argentina offices; Ecuadorian book and magazine printer Imprenta Mariscal – on board to explore the possibility of creating a dedicated label division; and Wausau Coated, a US-based material manufacturer and supplier of HP-certified substrates, which has recently begun to serve the Mexican market.

'The wine market in Mexico is experiencing significant growth,' says Ricardo Rodríguez, labels and packaging segment manager for HP Indigo in Mexico. 'Most of the labels for this segment are not being produced in Mexico, so the principle objective of the trip is for our clients to gain awareness of the success users of our technology are experiencing in a part of the world where the wine label industry is highly developed, to help grow this market in Mexico.'

'It is a sector which demands very high print quality with different finishing options and in increasingly short runs. Here, the value offered by our technology is very clear.'





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'It is undoubtedly a sector where the application of our technology has been very successful throughout the world, and particularly in the US, Europe and South America. This trend will continue to grow due to the needs of the wineries and brand owners, who will increasingly turn to short runs, personalization and demand for high print quality.'

#### SANTIAGO AND VALPARAISO, CHILE

The tour began in Chile's capital, Santiago, with a visit to label converter Huberto Scott Höhne e Hijos, which installed an HP Indigo WS6000 in March 2010, two years after purchasing a ws4500. Founded in 1976, the company began installing letterpress machines in 1985 and now runs nine Iwasaki presses. A Nilpeter 6-color FA 3300 was installed in 2004, while finishing is handled by AB Graphic and Newfoil machines. Scott employs 70 people in its 3,000 square meter facility.

General manager Harry Scott, a Chilean of Scottish and German descent and son of the company's founder Huberto Scott, reports that short runs are increasingly prevalent in the Chilean label market. 'Digital technology has proved more cost-effective in serving the

trends of the local industry,' he says. 'Our letterpress machines are still running very well, but gradually the digital machines are replacing them.'

Fifty percent of the company's business is in the cosmetics and food industries. Twenty percent is for the wine sector, with pharmaceutical and electronic goods applications making up the remainder. 'For wine labels, the print result is finer than flexo or letterpress,' reports Harry Scott. 'The quality is definitely there. And it is easier to reach that quality, because there is less pre-press work and no need for plates.' He reports that around 35 percent of production is handled by the digital presses, and that figure is rising.

Eduardo Riady, operations manager at Multigrafica, an HP customer with 160 employees based in Santiago, tells a similar story. The company operates separate sheetfed offset and self-adhesive divisions, which make up 60 and 40 percent of the company's production respectively. Ninety percent of the self-adhesive division, which runs a ws4000 and two ws4500s, is dedicated to the production of wine labels; 60 percent of that figure is handled by the HP Indigo digital presses, while an 8-color Nilpeter FA 3300 with two silkscreen units



#### CHILE – A DIGITAL PARADISE

The Chilean label market is highly developed and extremely competitive. With a population of just 15 million people and 22 installations of machines from HP Indigo's ws range, the country has the highest number of installations per capita of digital roll to roll presses in Latin America. The number of HP Indigo installations rises to more than 40 when its digital sheetfed presses – many of which, of course, are also producing labels – are taken into account.

'Chile has a heightened focus on premium labels because of its highly developed export market,' explains Miguel Leiva, digital press sales and channel manager for HP Indigo in Chile. 'This leads to the need for variable data and multiple runs, because products are sent to many parts of the world and need diverse information on their labels, such as different languages and legal information.'

Digital technology, therefore, is well-suited to the specific needs of the market. This also explains the high number of WS6000 installations – nine – compared to zero in neighboring Argentina, which, despite its larger population of 48 million people, has a smaller export market of premium packaged goods.

The local market in Chile is also experiencing significant growth. In the last five years, says Leiva, Chileans have begun to drink more quality wine at the expense of traditional local beverage Pisco. This in turn has led Pisco brands to use premium labels to raise their image and fight against rising wine consumption.



L-R: Miguel Leiva of HP Indigo Chile and Harry Scott of Santiago-based label converter Huberto Scott Höhne e Hijos



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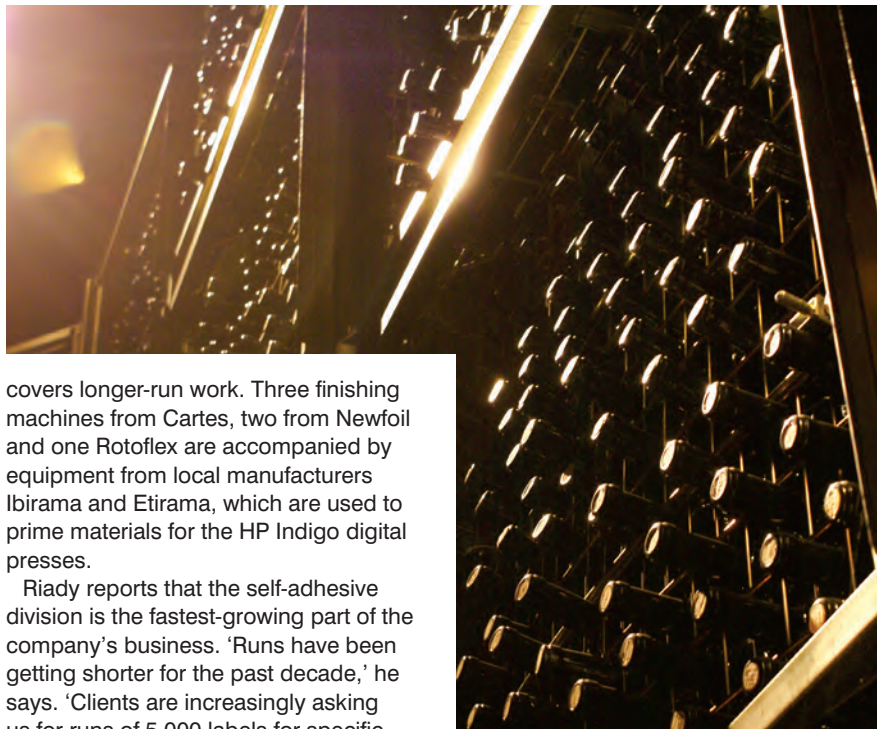
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covers longer-run work. Three finishing machines from Cartes, two from Newfoil and one Rotoflex are accompanied by equipment from local manufacturers Ibirama and Etirama, which are used to prime materials for the HP Indigo digital presses.

Riady reports that the self-adhesive division is the fastest-growing part of the company's business. 'Runs have been getting shorter for the past decade,' he says. 'Clients are increasingly asking us for runs of 5,000 labels for specific markets, such as the US or UK. These jobs bring variable data requirements and are well suited to the HP Indigo digital presses.'

'The biggest challenges initially were convincing clients about the quality, and the lack of metallic printing, which is important for wine labels. But metallic printing can be achieved by hot stamping, and concerns about the quality of digitally printed labels are no longer an issue.'

The ws4000 was one of the first digital presses in the region when it was installed seven years ago. It has some 45 million clicks, which the company says is a record in Latin America.

Multigrafica's offset division, meanwhile, is also active in the wine label market, with 60 percent of production dedicated to the sector. It runs machines from Heidelberg, Ryobi and Komori. Labels for conserves make up the remainder.

Also in Santiago, the group visited Chile's leading converter, Cameo Marinetti, which has experienced 20 percent annual growth over the last three years. The company installed its first WS6000 early last year, with a second following just three months later. Material priming is carried out on an AB Graphic Digicoat, while finishing is handled by an AB Graphic Digicon Series 2 and Cartes laser die-cutting machines.

'We made the investment in digital technology after carrying out various tests and analyses that showed the benefits it would bring us,' says general manager Aldo Gonzalez. He spoke eloquently and honestly about the challenges of getting to grips with the digital presses, and took questions from the Mexican converters about

the performance of different materials. 'Finishing is the most important part of the process,' he says. 'Digital printing is a marriage between the press and the finishing equipment, and if you don't pay attention it can become a nightmare.'

Since L&L's last visit in 2008, a number of new machines have been installed aside from the HP Indigos, including two Nilpeter flexo presses and two Heidelberg offset machines.

After a tour of the House of Morandé vineyard outside Santiago, the group headed to the coastal town of Valparaíso to visit Imprenta Guerra, which has installed two ws4500s in the last two years. At the time of L&L's visit, a WS6000 had been ordered and was to be installed a few months later with the idea of replacing the two ws4500s. The company uses a primer machine from Chilean manufacturer Inflexco; finishing is handled by four Newfoil machines, with an AB Graphic Digicon Series 2 planned for the near future.

Imprenta Guerra's core business is forms, but it now also operates dedicated folding carton, flexo roll to roll and digital label divisions. The ws4500 presses print labels for the wine, household goods and food markets.

### MENDOZA, ARGENTINA

Mendoza is Argentina's premier wine region, with over 1,000 vineyards producing 1,200 million bottles of wine every year. Palero Impresores estimates that it has some 50 percent of the region's wine label market. A family owned company founded in 1939, it is now run by the third generation of the Palero family – siblings Jorge, Raúl and Virginia – whose father and grandfather were in charge before them. The







ALDO Gonzalez of Cameo Marinetti, seated at head of the table, talks to the group of Mexican converters



FROM right: Mexican converters Angel Calderon of Impresión y Diseño de México and Jose Quinzanos of Etiquetas Rodak with Daniel Castillo, head of Imprenta Guerra's digital division

fourth generation is also now working alongside them.

The company is a wine label specialist with an acute focus on offering excellent service to its clients. Mendoza is one of the world's top eight wine producing regions, and the siblings have travelled to every one of the other seven on research missions. The company operates a separate division – called Label Solutions – which is solely dedicated to client service, and also works with local graphic designers and runs seminars to show what can be achieved with digital printing. 'We are not just selling a label,' confirms Jorge Palero. 'We provide a complete service. The vineyards here don't buy on price, but on quality, and the level of service we offer is an important part of that.' Furthermore, he reports, in the three years since installing the digital presses, there has not been a single case of a quality problem from a customer.

Palero began as a letterpress

house but has evolved to operate two divisions, offset and digital. The digital division specializes in short runs for boutique wine brands and operates two HP Indigo ws4500s. These are accompanied by two Cartes, one Rotoflex and one AB Graphic finishing machines, which bring hot stamping, varnishing, screen printing, embossing and die-cutting capabilities.

The division has around 350 clients, 95 percent of whom are local vineyards; the remainder being olive oil, beverage and cosmetics brands. Digital division production manager Leonardo Murgo reports that the large client roster and trend towards shorter, more personalized runs means that much of its work contains 'jobs within a job'. 'We produce many runs that, though they are for the same client, have many different versions of the label,' he says. 'Wine labels need strong black printing. This is difficult to achieve, but even harder to repeat on a conventional

## WINE TOUR IN NUMBERS

<b>150 million</b>	Labels consumed annually by Mexico wine industry
<b>1.21 million</b>	Liters of wine produced in Argentina in 2009
<b>980,000</b>	Liters of wine produced in Chile
<b>100,000</b>	Liters of wine produced in Mexico
<b>1,000+</b>	Vineyards in Mendoza
<b>250</b>	HP Indigo digital presses installed in Latin America
<b>32</b>	HP Indigo digital roll to roll presses in Mexico
<b>22</b>	HP Indigo digital roll to roll presses in Chile
<b>13</b>	WS6000 presses in Mexico
<b>9</b>	WS6000 presses in Chile

press. But digital technology allows for easy repeatability.'

Murgo reveals that a big initial challenge was printing on the textured substrates desired by clients, and which make up between 60 and 70 percent of materials used by the company. The addition of an in-house primer, plus support from HP

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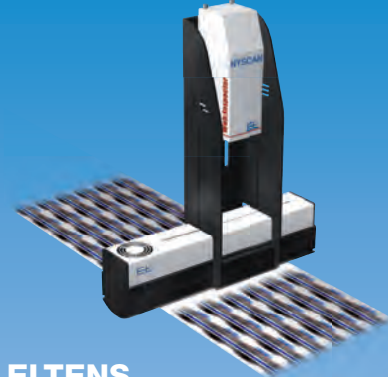


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THE House of Morandé vineyard outside Santiago

Indigo, overcame these issues.

Palero's offset division, meanwhile, is dedicated to labels for wine and preserves producing around two million units every day. It operates three Man Roland presses, a Polar slitter and Steinemann inline varnishing equipment. A Heidelberg letterpress machine, which used to produce receipts and bills, has been converted into a finishing machine with hot stamping, embossing and die-cutting capabilities.

'The Man Roland machines are extremely fast, producing around 15,000 sheets an hour,' says Jorge Eduardo Salvo, product manager of the offset division. He reports that the Mendoza wine market is still growing rapidly, and that the offset division – as well as, of course, the digital division – are growing alongside it. 'The creation of the digital division has complemented the offset division,' he says. 'There is a synergy between them. For example, clients are able to test out a label by having a short run produced digitally, before returning for a longer run printed by offset.'

After the visit to Palero Impresores, the group toured nearby vineyard Bodega Salentein.

## MEXICAN CONVERTER CASE STUDY

Mexican converter Etimex installed a WS6000 in December 2009 and is contemplating a second, according to CEO Jorge Martinez, whose father Jorge Sr founded the company in 1972. Its highly diversified production includes digital, flexo, offset and shrink sleeve capabilities and the company produces tickets for travel and entertainment and prime labels for the health and beauty and industrial sectors, the latter being its fastest-growing and consistently strongest market.

Aside from the HP Indigo, Etimex runs flexo presses from Nilpeter, Mark Andy and Ekofa, offset machines from Heidelberg, finishing equipment from AB Graphic and a Karville machines for shrink sleeve production.

Martinez says the HP Indigo's breakeven point was reached within 12 months – significantly quicker than the usual 18 – and cites the company's wide diversification of products as the reason for the speed. Fifteen percent of production is being handled by the WS6000, and Martinez reports that the figure is rising.

'We're excited about the possibilities for the wine market in Mexico,' he says, 'but ultimately we have our sights set on the North American wine market in Baja California. With the level of quality and production we can achieve, along with lower production costs and short distance, we can compete.'



THE team at Mendoza-based converter Palero Impresores. Top row l-r: Leonardo Murgo, Virginia Palero, Silvia Irizar of HP Indigo Argentina, Monica Palero, Ricardo Rodriguez of HP Indigo Mexico, Raul Palero, Jorge Palero. Bottom row l-r: Rebeca Camino, Cecilia Duran, Lucrecia Gonzalez Abate, Soledad López, Isabel Cruz, Gabriela Galante























# CORPORATE CULTURE



## TOUGH AT THE TOP

**SIMON WHEATLEY**, partner at Carr-Michael, business growth specialists, comments on monthly management issues

We live in historic times, as business leaders we may think that what is streaming from the 24-hour news channels does not affect our enterprises. Whilst I would agree that the 'macro' world economy does not affect all business in the same homogenous manner, what is happening in the world provides pointers to what we are already or will soon have to manage.

What do events in North Africa, the Fukushima power plant or coalition politics in the UK tell us about leadership and how it is changing in the environment we are now living in. Well, to me it appears to be getting tougher at the top. Leaders are being replaced at an incredibly fast rate sometimes with incredible consequences for their organizations (or countries).

Okay but this won't affect us right.... wrong. The underlying 'management' problems experienced by those in the 'news' can affect any company, large or small, in the same way and if action is not taken the consequences can be dire. The inability or unwillingness to react will lead to regime change. We offer some thoughts to help you at the sharp end.

### CLARITY OF PURPOSE

Any organization needs to have a clear purpose. This purpose needs to be defined in ways that all the stakeholders can understand. Here, the first new complexity; leaders have to relate to many more 'communities' both in the real and virtual worlds.

### COMMUNICATE

Leaders have to appreciate the power of communication – the communication they can 'control' and the second new complexity; the communication you can't control. Remember everyone is a journalist and no-one forgets anything in this digital world.

### CHANGING MOTIVATIONS

The workforce of today no longer expects to be shown the corporate ladder with an arrow pointing upwards. In our world of flexibility they see jobs as projects not lifetime missions. The third new complexity; leaders must work harder to motivate staff or risk losing experience or worse, creating new competitors.

### PAYING FOR NON-VALUE ADDED

Customers are increasingly sophisticated animals, they just won't pay for non-value adding goods or services – another new complexity; customers will not support lavish corporate structures (witness North Africa). Leadership is difficult and life is getting tougher at the top, there are many new complexities to manage. This makes the role of leaders a challenge but of course, help is out there. Today's leaders must recognize the needs of their organization in a changing world or you may find yourself being asked to leave.

### ABOUT THE AUTHOR

Simon Wheatley, partner at Carr-Michael is a new contributor to L&L. He has worked in a wide variety of sectors and managed several SME companies through significant change.

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