

Why versatility
increases your
chances for
success



Executive summary

Digitizing production is a huge opportunity for converters.

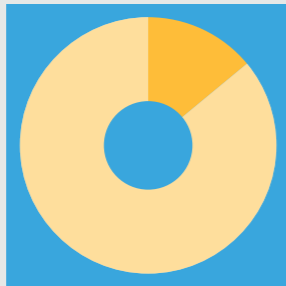


It's important to note, however, that not all digital presses are alike. And successful PSPs are beginning to recognize how important it is to prioritize versatility in the decision-making process. That's because you need a solution that can do more of what's required today—like accommodating your existing job basket, preserving media and related expense, meeting your sustainability objectives, increasing flexo capacity, optimizing the return on your investment, and positioning your business for the future. This whitepaper explores the value of versatility in digital label printing and how it is proven to drive success.

Not all
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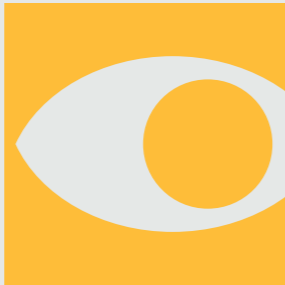
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Make the most informed decision

The virtual elimination of setup and running waste, along with make-ready time helps converters overcome two of the major inefficiencies in the Labels and Packaging Industry: wasted time and materials.

The numbers

- Convert 4/5 jobs a day - ranging from 4-6,000 feet
- Save upwards of \$15,000 per month in plates, materials, and labor
- Convert short and mid-run conventional jobs to digital
- Increase operational efficiency by over 50%

Plus, you can save thousands of feet or meters of valuable substrates that would otherwise be thrown out and wasted.

Whether you are buying your first digital press or you're expanding your fleet, deciding what



platform to invest in is not a simple choice, especially given the vast number of print technologies and vendors competing in today's market. What follows are issues and factors to consider that can help you make the most informed decision.

The right digital press saves converters thousands of dollars.

Know your job basket

The first question converters must ask is which press will best serve your current job basket.

86% of converters consider themselves "generalists," as opposed to "specialists"

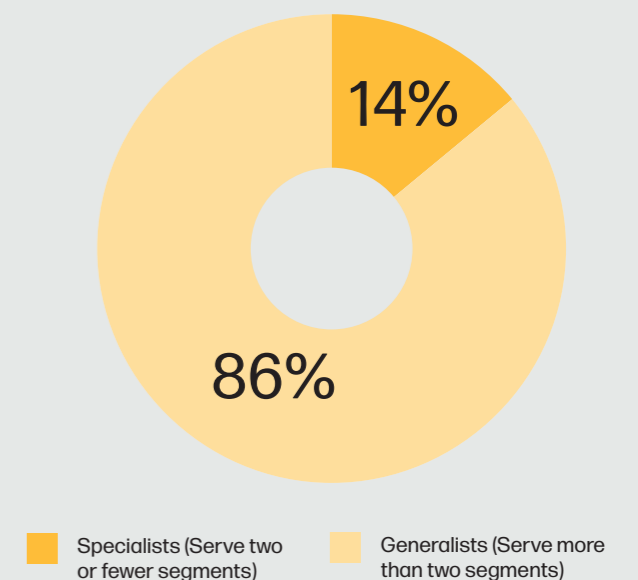
Generalists serve multiple segments such as Food, Wine and Beverage, Pharma, Health & Beauty/Cosmetics, Household, Industrial Chemicals, and Automotive, just to name a few. With such a broad spectrum, you'll need to factor brand color and quality, applications and media ranges, food packaging safety regulations, etc. into your decision.

Your digital press must be versatile enough to run most jobs in your existing flexo job basket.

Further complicating the purchasing decision is the fragmentation of each vertical market into different applications beyond traditional pressure-sensitive labels, such as shrink sleeves, flexible packaging, In-Mold Labels (IML), and more. Most converters would admit that the key function of a digital press is to provide a more economical solution for their short and mid-run production, most of which is currently run on existing conventional flexo assets. Therefore, moving jobs from analog to digital offers converters a real opportunity to increase efficiency and significantly improve your bottom line. But there's more you should be thinking about. In order to achieve the efficiency and economic benefits, your digital press must be versatile enough to run most jobs in your existing flexo job basket.

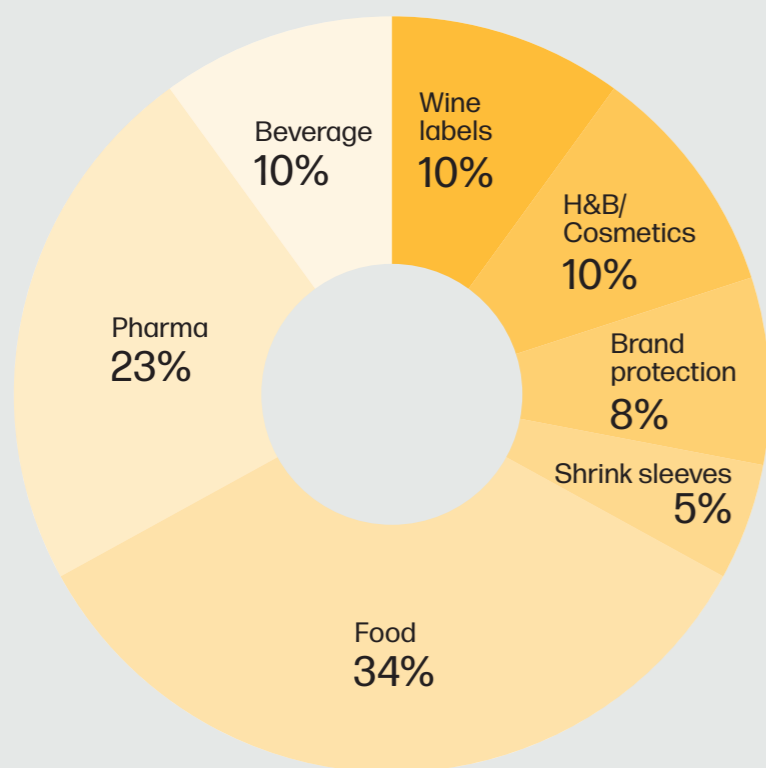
Consider functionality + economics to position your business for the future.

Profiles of participating converters: Specialists vs. Generalists



Migrating from flexo to digital

The process of shifting from flexo to digital can deliver immediate economic benefits; but choosing the right digital solution will determine the extent of those economic factors. Consider the following scenario:



As this converter identifies as a “generalist,” their business development strategy must address many verticals and applications.

A converter migrates 200 jobs per month of less than 3,000 linear meters /~10,000 linear feet from analog to digital

Average cost of a <1,000 linear m/~3,300 linear ft job on a digital press: \$615

Average cost of a <1,000 linear m/~3,300 linear ft job on a flexo press: \$787

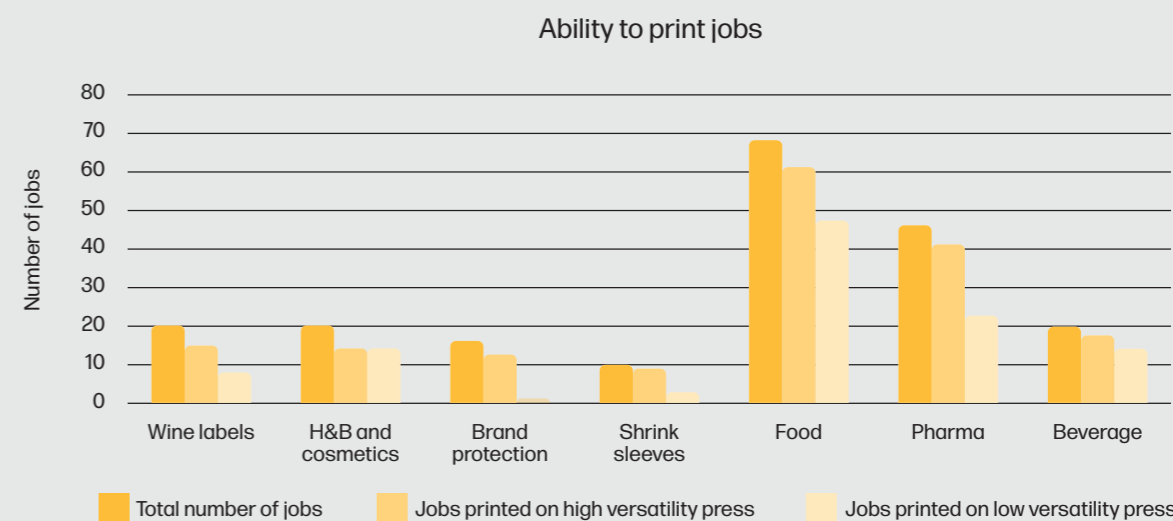
The choice is yours

For a converter to adequately provide a solution that shifts their current job basket from analog to digital, they basically have a choice between two types of digital presses:

- 1 A digital press with high versatility and high print quality
- 2 A digital press that can only run a few applications and is limited to printing on specific media

For both options, converters should also consider the availability and lifespan of consumables, local regulations, and environmental sustainability. Consider this sample job basket:

The more versatile press captures more jobs from flexo



The chart above shows a sample job basket and the number of jobs that a more versatile digital press can capture from the total number of jobs

versus a less versatile digital press. You can see that the more versatile press is able to capture more jobs from flexo production.

Versatility improves ROI

Let's look more closely at the numbers.

A highly versatile press moves 86% of short- and mid-run jobs

From analog to digital for a total of 172 jobs per month.

A less versatile press can only move 112 jobs.

Application	% of short-run jobs	Option 1: % of jobs run on a high versatility press	Option 2: % of jobs run on a low versatility press
Wine labels	10%	75%	40%
H&B and cosmetics	10%	70%	70%
Brand protection	8%	80%	10%
Shrink sleeves	5%	90%	30%
Food	34%	90%	70%
Pharma	23%	90%	50%
Beverage	10%	90%	70%
Total % of jobs converted to digital	100%	86%	56%
Savings from converting analog to digital		\$29,481	\$19,126

The direct cost saving for each short-run job converted from analog to digital is ~\$170 per job.

Leading to a direct cost saving of \$29,500 per month.

Less versatile press saves only \$19,000 per month.

This scenario shows an incremental savings of \$10K per month on the highly versatile platform. It's enough to cover a significant portion of the cost of the press.

	High versatility press	Low versatility press
Savings per job	~\$170	~\$170
Number of jobs	172	112
Monthly cost savings	\$29K	\$19K
Yearly cost savings	\$354K	\$228K



Increase capacity and efficiency

Short run digital production delivers significant cost savings if approached strategically. But remember, production converted to digital also releases capacity from your existing flexo assets. Converters can leverage this new-found capacity in two important ways:

- 1 Retire aging, inefficient assets
- 2 Get more orders to fill increased capacity

The overarching goal is to make your production floor as efficient as possible, ultimately producing the right job on the best possible asset available.



What's your ratio?

Today, flexo facilities without a digital asset operate at an average efficiency ratio of 1.6:1.

This means that, during a 40-hour production week, only 16 hours would be spent printing

The overarching goal is to make your production floor as efficient as possible.

In this case, short- and mid-run flexo jobs (under 15,000 feet) operate at an efficiency ratio closer to 2:1.

Redirecting short- and mid-run (less efficient) production to a versatile digital asset significantly improves the flexo efficiency ratio to 1:1. It also releases significant time from the flexo presses, allowing for the retirement of aging assets and general improvements in production efficiency.

The downside of the less versatile press is a limitation in the volume of production that can be converted from analog to digital. This results in a smaller impact on the flexo capacity; and, with an efficiency ratio of 1.4:1, it may not be enough to effectively retire existing analog assets.



Saving on expensive raw materials

Another value-add that digital printing provides—materials preservation—has become even more significant over the past year. Today, converters around the globe are struggling with the cost and availability of raw materials. In many cases, suppliers have put their customers on strict allocations or have limited order sizes to match previous purchases.

Prices are also on the rise.

Converters report increases of more than 20% in 2021 alone.

Digital presses can save 100-200 meters/~300-600 feet of wasted substrate per job.

In this scenario, the highly versatile digital press can put 17-35K meters/50-100K feet of otherwise wasted substrate back into the ecosystem, immediately increasing your top and bottom line. The less versatile press will save 6-12K meters (20-40K ft) less than that.

Prices increased more than

20%
in 2021

The opportunity to save on substrate costs per job and better utilization of existing inventory can carry significant short- and long-term benefits.



Looking toward the future

The next question forward-thinking converters should be asking is which press will take them to higher profitability and growth markets in the future. With even short-term forecasts more complicated than ever to predict, many converters want technology that gives them the versatility to provide a wide range of applications to new and existing customers, while addressing future market trends.

Change is inevitable due to any number of reasons including, but not limited to, social media trends, consumer whims, regulatory changes, and unexpected world events. The converter of the future must be prepared for the unknown—which could happen at any time.

Given the pandemic and related supply-chain disruptions, we've discovered that the converters who can thrive are those that have been able to satisfy new and diverse customer demands.

“Since the installation of our first HP Indigo press in 2016, the company has quadrupled in size. It has been an exponential change for our company.”

- Cristian Reyes,
General Director, Mayapack

Prepare for the unknown

How can today's converter prepare for the future with so many unknowns? Will the shrink sleeve market continue to grow? Will brands be forced to incorporate even more security solutions to protect their supply chain? Will food and pharma regulations become tighter?

Then, of course, we also have environmental and sustainability concerns, which have evolved into extremely important consumer values. Brands and converters must respond by supporting demands for recyclability, reduced energy consumption, and various other precautions that reduce environmental impact.

The benefits of digital press fleet standardization

We also recognize that, for some of you, this isn't your first digital purchase. As your business grows, so does your digital fleet. You must be cautious about mixing different digital technologies. There is a lot to be said for fleet standardization, namely:

- Same supply chain for your digital press fleet, i.e., ink, parts, service
- The ability to deploy all presses to accommodate large high-volume jobs needed on-demand
- Same color strategy and consistent results across all your digital presses
- Labor efficiency—operator knowledge, training and supporting a new operator, run two presses with one operator
- Operational efficiency—minimize media change per press
- Easier job scheduling and quotation

Be cautious about mixing different digital technologies.



Take action



As you well know, the digital labels and packaging press you select for your business must be versatile enough to serve multiple markets, produce a wide array of applications, and print on a wide range of substrates. At the same time, it must be highly productive, deliver profitable solutions, and ultimately prepare your business for the future.

If you need some advice making this business-critical decision, then it's probably a good idea to have a conversation with [HP Indigo](#) to understand how converting from analog to digital or expanding your fleet can transform your labels and packaging business.

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Visit us at hp.com to book a press demo.



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