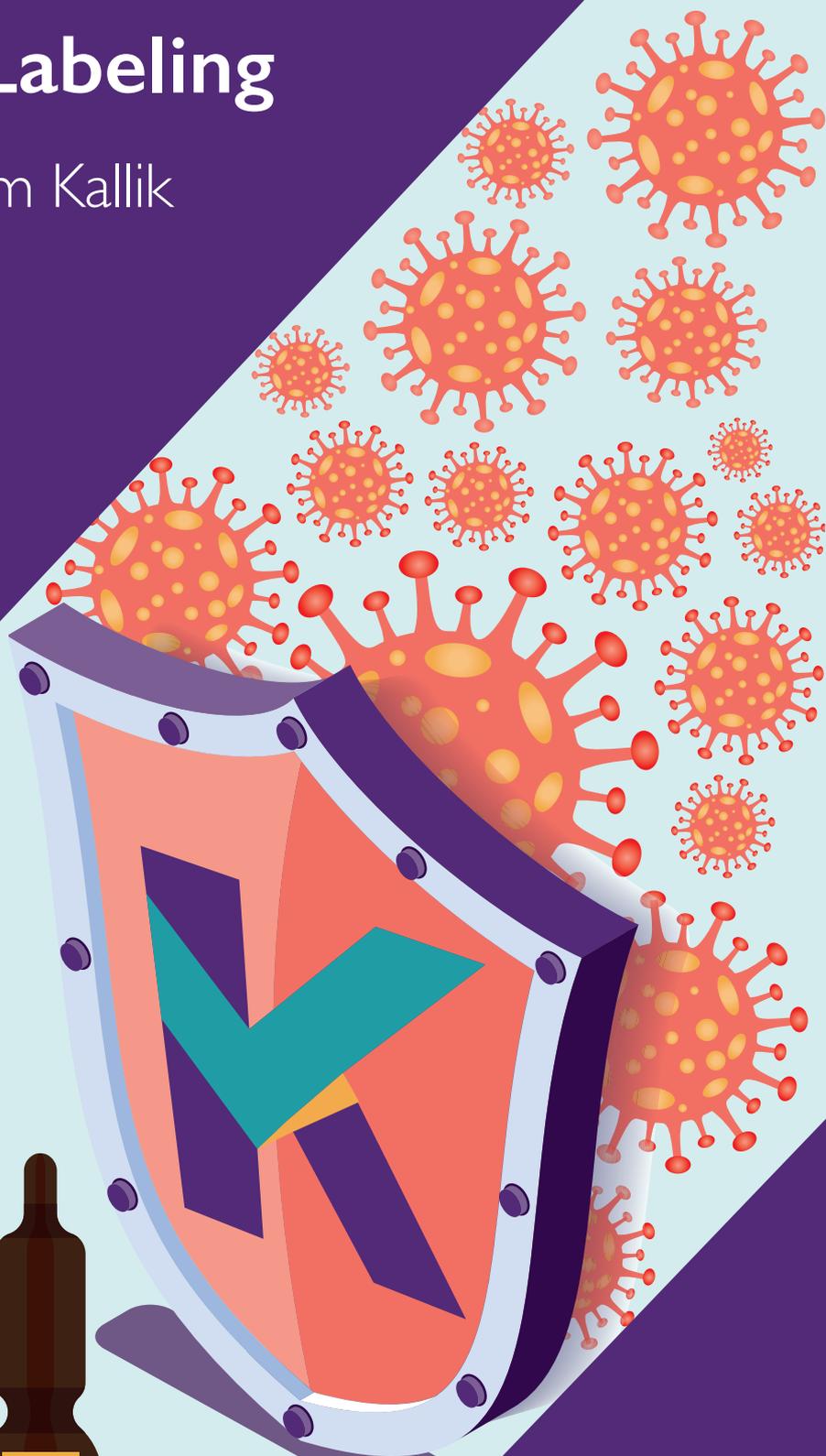


# Uncertain Times Call for New Ways to Close the Gaps: Fighting COVID-19 with Automated Labeling

A White Paper from Kallik



**KALLIK**

# UNCERTAIN TIMES CALL FOR NEW WAYS TO CLOSE THE GAPS: FIGHTING COVID-19 WITH AUTOMATED LABELING



2020 has indeed become the year of complete uncertainty. Thrust into a continuous state of unknown thanks to COVID-19 and its worldwide impact, supply chains across the globe have been severely impacted. Not only has access to the workforce been diminished by quarantining measures worldwide, but productivity and accessibility to materials has been affected. Businesses are looking to navigate this uncertainty and these new business challenges with as little impact as possible. Analyst firms and research organizations have put a plethora of material out to try to help educate businesses on what to do next. This applies not just to during the coronavirus pandemic, but also after. However, two major focal areas have emerged throughout this research and advice, as to what businesses should be focusing on during this period of unrest; cost optimization and consumer shifts.

## CONSUMER SHIFTS

Increasing productivity and reducing costs across your supply chain by implementing a strategic cost optimization roadmap will do nothing to help your business survive COVID-19 if your product no longer suits the consumer, whether that is due to cost, competition, need or change in expectation. It is important for businesses to take this time to evaluate that there is, and will continue to be, a fundamental shift in buyer behavior as a direct result of COVID-19 and the economic downturn that will follow.

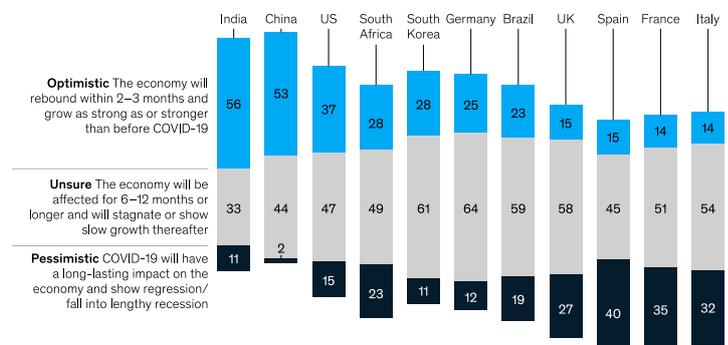
According to McKinsey, consumers are currently pessimistic or unsure about the economy's recovery after COVID-19, a mindset that will result in a change in buying behavior. While it is still too early to tell what the full effect of this virus will be on the economy globally, you can take some cues from history by referencing the "Great Recession" and how it affected buyer habits in the 2000s. During the recession, consumers cut down on non-essential spending, became more price and promotion conscious, and spent less time out. What shifts have already started to happen in relation to coronavirus?

### A rise in digital engagement

With the world in lockdown, the digital experience is now not just a nice to have, it's a need to have. With data still coming in, Gartner reports that during the week beginning March 1st, as Italians were ordered to be quarantined, e-commerce sales were reportedly 81% higher than the comparative week in 2019. A new report from

**In most markets navigating the crisis, the majority of consumers are pessimistic or unsure about the economic recovery.**

Confidence in own country's recovery in after-COVID-19 economy,<sup>1</sup>% of respondents



Note: Figures may not sum to 100%, because of rounding.  
<sup>1</sup>Question: How is your overall confidence level on economic conditions after the COVID-19 situation?  
 Source: McKinsey COVID-19 Consumer Pulse Survey, 2020; Brazil (March 28–30) n = 1,311; China (April 1–4) n = 1,048 including Hubei province; France (April 2–5) n = 1,003; Germany (April 2–5) n = 1,002; India (April 3–6) n = 582; Italy (April 2–5) n = 1,005; South Africa (March 24–26) n = 535; South Korea (April 3–6) n = 600; Spain (April 2–5) n = 1,003; UK (April 2–5) n = 1,000; US (March 30–April 5) n = 1,119

McKinsey  
& Company

brand protection firm Red Points reveals **73% of consumers will increase online shopping if the COVID-19 outbreak continues**, and 58% of consumers have already bought more goods online than usual.

**A bigger focus on well-being**

According to McKinsey, the wellness trend has gained strength during the outbreak. “Healthy eating” has remained the highest priority of food shoppers across Europe and consumers are also investing in at-home exercise: in Germany and the United Kingdom, Amazon’s fitness-equipment sales spiked by approximately 60 percent each week in March. Consumers are choosing health and hygiene over other consumer good priorities.

**An expectation of transparency**

With more people buying online, and brands losing the connection and trust often associated with the in-store buying experience, transparency and honesty in communicating is essential for building trust and retaining consumers during the pandemic. **According to Forrester, 52% of US online adults prefer to buy from companies that show how they are protecting customers against the threat of COVID-19.**

**HOW CAN LABELING HELP WITH CONSUMER SHIFTS?**

Consumer shifts call for organizations to react in one of the following ways; diversifying their product line, changing their product “recipe” or “bill of materials,” or changing their price point.

Diversifying your product line means adding products to the marketplace based on existing and predicted demand. As part of the product life cycle, this means creating new labels, getting these labels approved efficiently, accurately, and provably.

Changing your product recipe or “bill of materials” requires a dedicated effort from your R&D team. However, it also requires mass changes to your labeling and packaging. Can you easily remove and/or replace content from your labels? If you have thousands of labels that need changing, how long would it take you to change them all?

Channel shifts are inevitable for businesses now operating with gaps in the supply chain and the workforce. Consolidation and changes in both sourcing raw materials and distribution will be necessary. But these business measures have repercussions on labeling. Can your business handle shutting down a factory print site? Do you have the capability to remote print or easily work with 3rd party vendors to get your labels and packaging printed? Can you change relevant information on your labels that reflects business changes like address, etc. on the fly?

Is your business set up to handle consumer shifts? Can you react effectively and with agility? Here is a basic comparison table of how manual labeling processes or siloed systems/departments are set up to handle the “new normal” as compared to automated labeling and artwork management.

New Consumer Expectation	Manual Processes or Disparate Systems	Automated Labeling & Artwork Management
Access product information online	Product information is not hosted online. If it is, it is not tied to physical labeling. Discrepancies will exist.	e-Labeling is created as an extension of your labeling projects. Workflows are set in place to review and approve as with physical artwork. Stored at component level for easy updates.
Change product recipe or bill of materials	Changes sent from R&D must be pulled manually from PLM. This is assigned to the artworker to make necessary changes to labels and packaging. Full review process must be followed.	Affected labels and packaging found in asset library. Changes made and applied to affected labels and packaging in minutes. Complete audit trail enables approvers to only review new changes.

Change the way you sell	New factory print locations must be installed manually, on-premise. 3rd party vendors are unable to print in real-time. Label consistency and accuracy is not guaranteed.	Remote access to factory print. 3rd party vendor access for up-to-date, approved files and assets. On the fly changes reflected in real-time.
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## COST OPTIMIZATION

A survey conducted by the Institute For Supply Chain Management reported that nearly **75% of companies have reported supply chain disruptions in one form or the other due to coronavirus-related transportation restrictions**, and the figure is expected to rise further as the pandemic drags on. Furthermore, most of these companies reported no contingency plan for this mass interruptions. Distribution of products has become a big challenge as businesses navigate issues like staffing warehouses, dealing with the need for direct distribution and needing more intelligent and responsive allocation across channels.

The best way to mitigate disruption from COVID-19 and identify new opportunities is to run a cost optimization analysis on your business. The goal is to identify quick, medium and long term wins for your business that aren't just cutting costs, but optimizing your operating costs for the future. A cost optimization strategy starts with executives within your business analyzing current operations as affected by coronavirus and identifying gaps that need to be addressed.

Cost optimization must be carefully balanced with a plan for the "new normal" of your business. Time is of the essence and businesses that strategically address efficiency and optimization now will recover faster from the economic fallout from this pandemic. One of the biggest gaps that has become evident from COVID-19 is digitization. While more than 70% of businesses reported that they were executing on digital transformation plans before the pandemic, it has become clear that there are still gaps in automation and visibility, especially from a global perspective.

Who led the digital transformation of your company?

- A) CEO
- B) CTO
- C) COVID-19**

Gartner recommends reviewing seven core actions when identifying cost optimization opportunities in your business during this time; what can you eliminate, simplify, utilize, standardize, centralize, automate, and/or renegotiate? If you begin by asking these questions of the business, you will eventually end up analyzing the supply chain, and as part of it, your labeling and artwork management processes.

## APPLYING COST OPTIMIZATION STRATEGIES TO LABELING & ARTWORK MANAGEMENT

Traditionally, labeling and packaging has been disjointed across businesses. It involves large amounts of data being passed to multiple stakeholders across multiple departments. And while it is a crucial part of the product life cycle, it is not also seen as a strategic element. As such, businesses often end up with silos, which results in long approval timeframes,

slows time to market, and often ends up with human errors that increase the risk of recall or cost of waste. Focusing on four of Gartner's seven core cost optimization actions, we can easily identify opportunities in the labeling and artwork management process to close some gaps caused by COVID-19, reducing costs and improving efficiencies.

## Guidance to Identify Cost Optimization Initiatives

	Reflection Questions
<b>Eliminate</b>	<ul style="list-style-type: none"> <li>• What impact would it have if we fundamentally eliminate this cost?</li> </ul>
<b>Simplify</b>	<ul style="list-style-type: none"> <li>• What are some duplications and redundancies we could look to eliminate?</li> <li>• Are there ways to combine process execution tasks and subsequently generate efficiencies and cost savings?</li> </ul>
<b>Utilize</b>	<ul style="list-style-type: none"> <li>• How can we effectively utilize the assets we possess to generate efficiencies and cost savings?</li> <li>• What are some ways we can balance the workload between resources and capacities to maximize utilization?</li> </ul>
<b>Standardize</b>	<ul style="list-style-type: none"> <li>• How can we suppress activity variability by creating standardized processes?</li> <li>• What are some common performance attributes of similar activities across the organization that we can standardize?</li> </ul>
<b>Centralize</b>	<ul style="list-style-type: none"> <li>• What are the areas where we can reap benefits from economies of scale?</li> <li>• Where can we centralize efforts and use our highly skilled resources to drive cost savings?</li> </ul>
<b>Automate</b>	<ul style="list-style-type: none"> <li>• What measures can we take to eliminate manual and cumbersome procedures?</li> <li>• Which recurring, standardized processes can we automate?</li> </ul>
<b>Renegotiate</b>	<ul style="list-style-type: none"> <li>• What are some of the areas we can renegotiate more-favorable terms with buyers or sellers?</li> <li>• What practices can we implement to minimize increase of future contract value?</li> </ul>

Source: Gartner  
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Cost Optimization Strategy	Common Labeling & Artwork Management Issues	Resolution
Simplify	Information is pulled from RIM, PLM, PIM, and/or ERP systems. Often data is stored at a document or content level, not a component level. Departments track approvals separately.	Streamlining labeling processes with a comprehensive software solution will decrease costs, increase efficiency, and even help achieve a higher level of customer satisfaction.
Standardize	Diverse printing systems, manual data entry processes and disconnected label databases create activity variability. Multi-site label production means disparity and errors in label content and unexpected costs.	Label process standardization allows for maximum efficiency in the labeling process because when everyone does it the same way, there is little room for error.

Centralize	Labeling and artwork management processes are often fractured and multiple labeling products create unnecessary complication. Label information is not centrally located.	Having a central repository of labeling assets or a “single source of labeling truth” gives businesses the ability to make edits and changes on the fly while connecting departments for better collaboration.
Automate	Manual processes and management are still used even in large organizations. Spreadsheets track approvals and departments run disparate systems.	Intelligent, automated workflows speed up time to market while increasing visibility, accountability and collaboration. By introducing automation to the end-to-end label lifecycle you reduce production costs, speed time to market and reduce headcount costs.

## FILLING THE GAPS



As the impact of COVID-19 continues to be felt across the globe, companies are rallying to the cause to provide products and equipment to help keep people safe and protected. Medical device and pharmaceutical companies are increasing production of key products such as ventilators and PPE. Chemical companies are producing new disinfectant and hand sanitizer products and we are now seeing companies outside of this arena adapting manufacturing processes to produce desperately needed goods.

The need for expedited product delivery has never been greater. Increases in capacity and reduced delivery timeframes mean that the supply chain is being put under extraordinary, unprecedented levels of duress and pressure is being put onto manufacturers to adapt working practices to meet demands. Both new and existing products have to be created and shipped more quickly and labeling for the products needs to be created to meet the reduced timelines.

The requirement for labeling for the newly manufactured goods sits across the whole process. Labeling is the key vehicle to communicate what the product is for; how it should be used and where and when it can be used. Incorrect labeling can impact on end users and may even render the product unfit for use. A product that is wrongly coded, for example, could end up at the wrong location or, even worse, could be used incorrectly which could have disastrous consequences. So, the need for accurate and correct labeling is crucial to the ongoing effort.

Increased demand on the labeling teams can inevitably lead to the temptation to cut corners to hit deadlines. Using disconnected approaches and separate tools to create labeling and support print in the manufacturing sites, whilst simultaneously trying to increase label production and reduce timelines, can increase the possibility of errors being inadvertently introduced and not spotted. These kind of errors could ultimately lead to delays due to labels having to be amended and reworked; confusion as to where the issue has arisen and the correct path for resolution; frustration

on the part of the stakeholders and significantly, product recalls which will impact on the fight to contain and beat COVID-19

These points illustrate the importance of getting the labeling right the first time. Right first time labeling can ensure the on time delivery of the product and will ultimately help in saving lives.

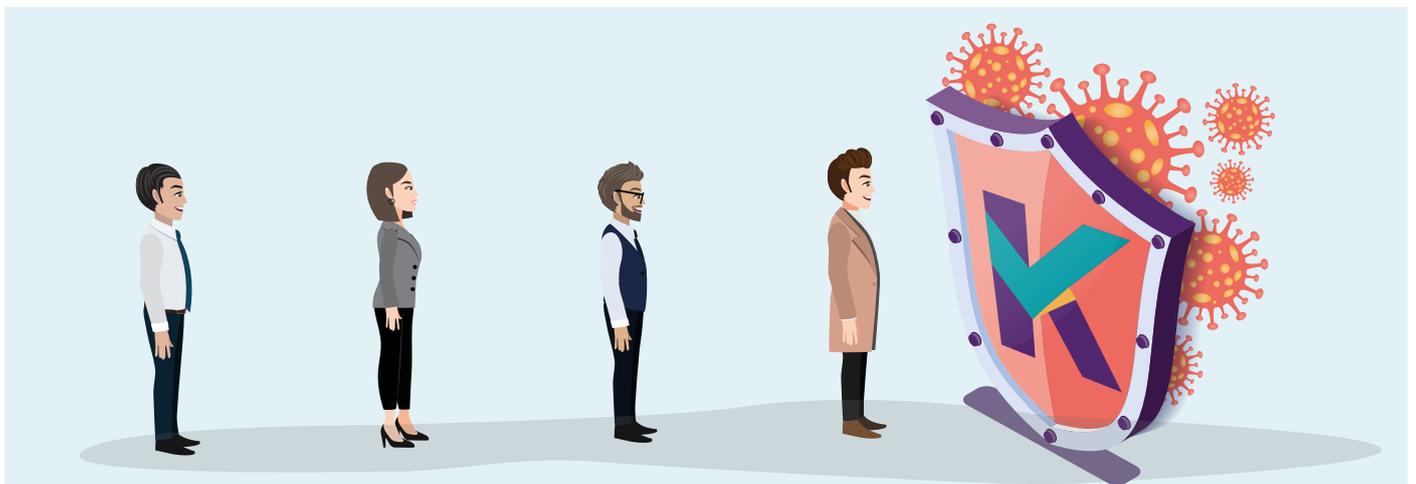
As the labeling process touches so many aspects of a regulated business, from Marketing and Design, Compliance and Regulatory, to inline generation and application in manufacturing plants, a joined up end to end solution is the only way to ensure all stakeholders are engaged at the correct point in the process.

The current situation only increases the need for this level of control and management. An end-to-end solution will provide all processes and tools required to expedite the label creation process and will provide the necessary checks and balances to ensure labelling is created accurately and efficiently, meaning products are effectively managed, audited, stored and delivered.

During this time of uncertainty when businesses are feeling the effects of broken supply chains and reduced workforces and economic uncertainties, labeling automation from an end-to-end labeling solution can provide:

- ➔ **Increased time to market** - seizing market opportunity and revenue faster and more efficiently
- ➔ **Global visibility** - reducing cost of error and ensuring global product will make it past customs
- ➔ **Reduced operating costs** - reducing approval times, headcount involved and scrap waste at factory print
- ➔ **Support for consumer shifts** - quickly transitioning new products, adapted products, new languages, new regions and new formats

The pandemic has forced governments, businesses and populations to re-evaluate priorities and to reassess how to deal with and combat the virus. In these uncertain times, it is reassuring to know that we can all come together and use the tools at our disposal to fight COVID-19.



#### About Kallik

Kallik, the enterprise labeling company, provides regulated industries with a responsive, end-to-end label management platform they can trust.

Its cloud-based labeling platform, Veraciti™, delivers definitive compliance and supply chain efficiency for all the content assets that make up product packaging, labeling and customer information documents. From barcodes to safety symbols and text, Veraciti manages any format, in any territory, on any material and via any channel - with complete reliability and traceability

Medical device manufacturers, pharmaceutical firms, chemical and cosmetics companies use Kallik to deliver trust in their labeling, confidence in their brand and integrity in their process.

To find out how we can support label and artwork management transformation in your business, please get in touch by emailing us at [info@kallik.com](mailto:info@kallik.com).