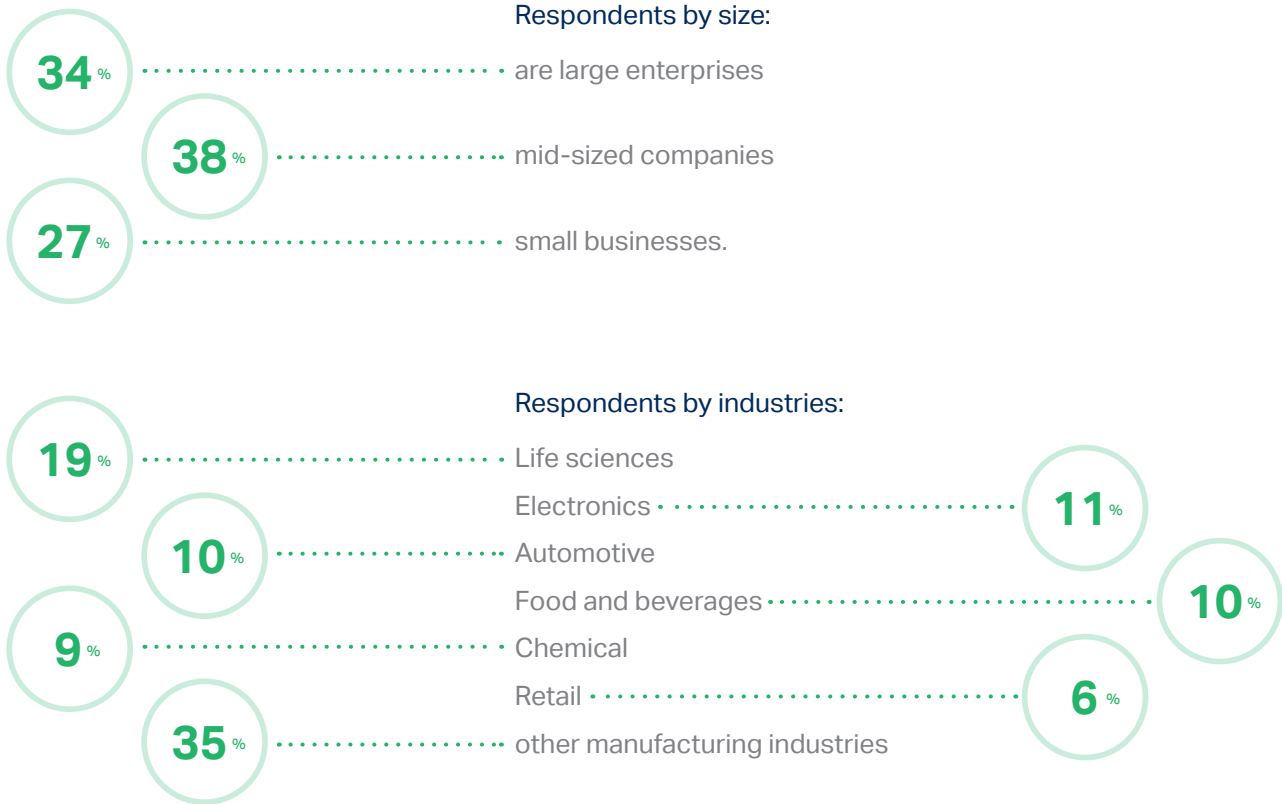# Digital transformation reduces labeling costs

Introduction

About The Survey

The survey was conducted by NiceLabel and AV.consulting in April 2017. The findings are based on an online questionnaire answered by 125 verified NiceLabel LMS customers.

Respondents by size:

34% · · · · · · · · · · · · · · · · · · · are large enterprises

38% · · · · · · · · · · · · · · · · mid-sized companies

27% · · · · · · · · · · · · · · · · · small businesses.

Respondents by industries:

19% · · · · · · · · · · · · · · · · · Life sciences

Electronics · **11**%

10% · · · · · · · · · · · · · Automotive

Food and beverages · · · · · · · · · · · · · · · **10**%

9% · · · · · · · · · · · · · · · · Chemical

Retail · **6**%

35% · · · · · · · · · · · · · other manufacturing industries

AV.consulting performed a detailed ROI analysis for select customers. The findings are presented as case studies in this document.

About NiceLabel

Established in 1993, NiceLabel is a leading global developer of label design software and label management systems that help companies of all sizes improve the quality, speed and efficiency of their labeling, while reducing cost. With the help of our label management systems, organizations are able to digitally transform their entire label printing and production process. The result is a leaner, more agile operation that enables companies to respond more quickly to changing market conditions and requirements, get products to market faster and compete more effectively in the sectors where they do business.
www.nicelabel.com

About AV.consulting

AV.consulting was established in 2015 by the Ingolstadt School of Management Professor Dr. Andrej Vizjak, a former PwC and A.T. Kearney senior consulting partner, and his wife Sonja Vizjak, with headquarters in Dubai. AV.consulting offers clients online support in implementing the vision to "Be(come) The First in the World".
www.av.consulting

Direct costs

Survey

We asked NiceLabel customers if implementing the NiceLabel LMS resulted in the following:

- Faster label creation
- Less reliance on IT for labeling process
- Easier and faster integration with master data and other software
- Faster change management
- Less labor in the production due to process improvement
- Less skill or training required to print labels.

93% of NiceLabel LMS customers confirmed they reduced direct costs. 12% of respondents claimed a reduction of more than 50% in direct costs.

Apparel/garment manufacturer example

45K   An apparel/garment manufacturer has eliminated custom IT development required for different markets, saving $45,000. The customer was using a legacy competitor designer before adopting NiceLabel LMS.

Challenges of legacy designer approach	Benefits of NiceLabel LMS
IT had to develop integrations to different data sources and business logic to support the label printing process.	No coding required to ensure data integration. Integration is done within NiceLabel, which creates a faster, more flexible and less costly process.
Desktop installation of software was required	Centralized print server
Poor printing performance	Instant printing
Not possible to ensure standardized labeling from contract manufacturers	Centralized web printing enables standardization and control of contract manufacturers
No traceability support	Complete traceability for every label printed inside the company and at contract manufacturers

VS

Retailer example

100K   A retailer has reduced labor costs due to labeling process improvement in the warehouse to achieve $100,000 annual savings.

Challenges of legacy designer approach	Benefits of NiceLabel LMS
Very slow, labor intensive process to organize shipments, print delivery notes and labels.	Automated and integrated process substantially reduced labor costs.

VS

Indirect costs

Survey

We asked NiceLabel customers if implementing the NiceLabel LMS reduced any of the following:

- Product returns, quarantine, rework or recalls
- Compliance or regulatory fines due to labeling errors
- Unauthorized label changes
- Unplanned production downtime

82% of customers experienced cost savings from error reduction. 24% of customers achieved indirect cost savings of more $10,000 per location.

Medical device manufacturer example

$30K

A customer from the medical devices industry has achieved labeling process improvement resulting in annual savings of $30,000 per manufacturing site.

Challenges of legacy designer approach

⊖ To minimize the risk of error production supervisors were controlling the labeling process. Quality checks and archiving printed copies of printed labels resulted in high labor costs.

VS

Benefits of NiceLabel LMS

✓ NiceLabel LMS streamlined the quality assurance process. All quality checks, archiving and traceability are done electronically. The result is increased quality and substantially lower cost of ensuring quality.

Food producer example

$350K

A customer from the food and beverage industry has reduced product returns due to labeling errors to achieve annual savings of $350,000.

Challenges of legacy designer approach

⊖ A fragmented environment with multiple solutions from direct marking and labeling vendors. Costly third party IT support due to non-standardized integrations and label design done by local system integrators. Unplanned downtime due to mislabeling or IT support. Product returns or waste due to standalone systems and manual data entry.

VS

Benefits of NiceLabel LMS

✓ NiceLabel LMS helped minimize revenue loss and increased sales due to accurate labels, less rejected product and faster time-to-market. Other benefits were reduced IT costs and less unplanned downtime due to a standardized solution. The customer has also achieved new levels of productivity due to automated quality assurance and less re-worked product.

Opportunity costs

Survey

We asked NiceLabel customers if implementing the NiceLabel LMS provided the following benefits:

- Getting products to market faster
- Generating more sales
- Reduced stock inventory
- Easier scalability (add more printers, support more processes)
- Improved standardization (label consistency, process standardization)

76% of customers surveyed have reduced time-to-market with the NiceLabel LMS.

Home goods manufacturer example

$6M

A home goods manufacturer has reduced stock inventory by $62 million and achieved $6 million in annual cost savings in financing and handling of inventory.

Challenges of legacy designer approach	Benefits of NiceLabel LMS
The manufacturer did not have a standardized label system for incoming goods and for shipments between distribution centers. The result was slow processing in the warehouse and inventory overhead.	After implementing a standardized labeling system across the company and suppliers the manufacturer reduced the time required to process receiving goods. The result was reduced stock inventory and improved accuracy.

VS

Retailer example

$48M

An omni-channel retailer processes product returns faster and moves inventory more quickly to achieve $48 million in additional annual profit.

Challenges of legacy designer approach	Benefits of NiceLabel LMS
Rapid growth of online sales increased product returns from customers. The company outsourced product relabeling and retagging, which meant products were not available for sales for 4-6 weeks. Due to the seasonal nature of the products, they often had to be discounted.	The company can now process returns much faster and make them available to new customers in a day, selling them at list price. They substantially improved inventory turnover, which is a critical KPI.

VS