6 burning questions and answers on chemical labeling

A question and answer with Loftware

Loftware™

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This Q&A addresses key top-of-mind challenges that [chemical](#) companies face and provides insight into the significant gains that could be realized using the right cloud-based solution.

Labeling is complex; today's chemical manufacturers and multi-tier suppliers are faced with a range of evolving requirements that complicate the process — and many companies accept this process as the cost of doing business. But it doesn't have to be.

Labeling can make a huge difference, enabling IT and supply chain decision-makers to not just overcome challenges, but provide their company with a distinct competitive advantage.

Read on and get an insight into how the right cloud labeling solution can deliver significant, measurable results for you.

How does cloud labeling simplify complex chemical supply chains?

The chemical industry supply chain is as complex as any industrial supply chain. Companies need to manage raw materials, feedstock, commodity pricing, regulatory issues — both locally and internationally — as well as deal with third parties like tollers, all while tracking products right to the customer. Manufacturers are increasingly asked to meet customer's requirements, manage constantly changing regulations, and find ways to overcome mounting security and fraud issues. Chemicals also touch many of the industrial and consumer markets, so they are affected by the up-and-down swings of different market segments.
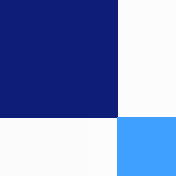
Managing all of this is an exceedingly hard endeavor. One area that sometimes is overlooked, but present throughout the supply chain, is labeling. The only way to effectively track a product from the time it is sent by the supplier, arrives at the dock, is processed, and finally packaged and shipped to the customer is through the labels. And the information that goes on the labels is also getting more and more complex. It must meet customer requirements, comply with industry regulations, and adhere to branding guidelines — without slowing

or shutting down operations. If there's any incorrect information on labels during operations, it can lead to relabeling, customer issues, incorrect shipments, returns, hold-ups in customs, inventory problems, and many other significant, hidden costs to a company. That's why a company's labeling operations must be tightly connected to business processes. This helps avoid costly interruptions and manual mistakes, and the product moves faster and more efficiently through the supply chain.
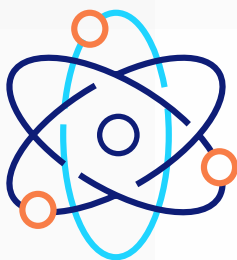
How can cloud labeling help with constant change?

Cloud labeling alone won't change the only constant in chemical manufacturing, which is change, but a cloud labeling system using best practices can help a company better manage that change. All the factors mentioned earlier regarding complexity are compounded by constant change, whether it's customer requirements, products, regulations, or even IT systems. How can a company make sure that

they are managing the change without disrupting their supply chain? The only way is to have systems that can react in real-time to the data that is dynamically changing. They need a cloud labeling system that can be changed easily and adapt to change, reducing errors and not relying on personnel to have to relay changes manually.

One company in the pharmaceutical chemical space relied heavily on orders obtained through their website. The issue was that the formulations could change frequently but their labeling system wouldn't always reflect the changes in time for shipment, causing a major issue with their customers. They had struggled with this issue for years. With a cloud labeling solution in place, they were able to change the data for their product, which automatically changed the label in real time. Standard labels, templates, and systems allow for global compliance and a single source of truth for change management.
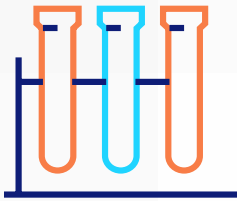
How can cloud labeling deliver measurable savings?

A company should standardize on a single labeling solution throughout its supply chain. Again, the label is the only thing that is constant throughout the supply chain — from raw materials through to the customer. Depending on the system or process used, labeling can either add costs and complexity, or it can help to greatly reduce those costs. An integrated cloud labeling solution can eliminate returns, reduce delays in international shipping, remove operational steps, lower inventory, avoid mistakes, and improve many other areas, including customer service. Automation, error-proofing, and data management will speed the movement of products through the supply chain, making a positive impact on working capital and margin.

As an example, one company we recently worked with was stocking a particular SKU of the same product in the same size container and was using five different labels — each to meet the specific language and compliance requirements of different regions. Due to how their systems were being used, they needed to print these labels ahead of shipping. This process was costing them considerably in additional

inventory, warehousing, and employee productivity. Just by being able to label containers with the correct information, later in the process, they were able to reduce the inventory of that SKU and many other SKUs by up to 60%, which translates into hundreds of thousands of dollars in cost savings.

What criteria differentiates labeling solutions in terms of regulatory compliance?

All chemical companies must use multiple systems to store data, which is why one of the first questions we ask customers is "Where's the data?" Usually, a chemical company will rely on a system as a source of record like SAP or Oracle as well as at least one system for regulatory information. Many other systems can also come into play like warehouse management (WMS), manufacturing execution (MES), lab systems, and product lifecycle management (PLM), to name a few.
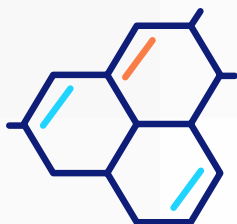
A good labeling system that meets good manufacturing practices can retrieve data from multiple systems for the same label. In the case of GHS standards, you need to have six elements on a label: Signal Word, Product Name, Hazard Statement, Pictograms, Manufacture Information, Precautionary Statement. If you have a labeling solution that can obtain data from multiple systems, you can dynamically know the following at the time of print: what product it is, where the product is being shipped and to whom, and what elements are needed for that printed label with the proper information. Too many times during facility reviews multiple labels are seen for a single product, thousands upon thousands of preprinted labels, and the need to re-label items — all of which can be addressed with the proper labeling system. The ability to manage change and have a work process engine that ensures compliance across all regions is imperative.

How does cloud labeling drive efficiencies across 3PL, toller, and supplier operations?

For years companies in the chemical industry have struggled with how they integrate partners like distributors and tollers into their processes. Today many companies use third parties as extensions of their own business. They can be used for many value-added services like direct shipment to customers. When it comes to labeling, companies handle third parties in multiple ways — but it's commonly a manual process with great difficulty. Many manufacturers still package and ship the labels right to the partner or they pay to have the labels printed for the third party by an outside vendor. These options can be extremely costly and can cause significant delays and mistakes. The best way to handle this challenge is to integrate third parties into the labeling systems.

Using either their own partner portal or a secure system from a company like Loftware, chemical companies can allow suppliers or tollers to access and print labels locally — with the right information expected by the receiving company. Globally consistent cloud labeling

reduces the need to manually ship labels around the globe or the need to relabel inbound shipments, saving time and money while reducing the likelihood of errors.

Companies can set up a cloud labeling solution in a secure environment so third parties only see information, labels, and printers they are supposed to see. Many of Loftware's customers leverage this ability to print their labels at third-party sites around the world and have improved their processes immensely while saving millions of dollars in relabeling and inventory reduction.
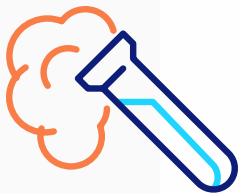
How can cloud labeling support business growth and expansion?

As companies look long-term, the label is often the first item of marketing that customers see. This opportunity to authenticate the product and to "start a conversation" with the customer will become
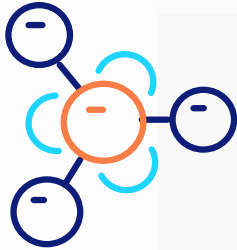
more and more important. As such, you need a cloud labeling system that doesn't limit growth or changes, can be used on a global basis, and is backed by a direct support and service organization.

One of the most disruptive and challenging areas for companies in the chemical industry is mergers and acquisitions (M&A). Look up any of the major companies in the chemical space and you can see that they are constantly acquiring new companies, spinning off separate businesses, or selling divisions. For example, in 2017 Dow and DuPont announced a merger that, when complete, would break the chemical giants into three different companies. Sherwin Williams also acquired Valspar. And Air Products spun off a new division called Versum Materials. With each addition of a new division comes the integration of the acquired company's systems.

One of the first things a company should tackle is the integration of their labels to reflect proper marketing information and ensure one brand to the customer. With the right cloud solution in place, you could easily design new labels or, better yet, update existing templates for the new labels. You can pull information from trusted data sources as well as connect to new sources of data using the same labeling system. For example, one of Loftware's customers was involved in a large global rollout of SAP. At first, the plan was to implement Loftware at the same time SAP was being installed at the different locations. But after further consideration, they decided not to wait for SAP and, instead, installed Loftware at the sites and

divisions that still use legacy systems. The good news is that when the time came to move to SAP, they were able to easily keep the same templates and just change the source of data. This also aided in the training where customers did not notice any changes.
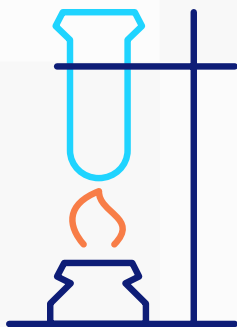
As companies grow and expand, they need a system that will meet their needs on a global and local level. They need a system with properly certified integration with systems of record like SAP and Oracle. They need an enterprise labeling solution that can meet their requirements to handle languages, regulatory standards, color printing, third-party and customer demands, etc., and have the support and service organization behind it to ensure long-term success.

What are your burning questions about cloud labeling?

Learn more about how cloud labeling solutions can help your chemical business reduce costs, improve response time, and drive greater efficiencies across your extended supply chain. Visit Loftware's website for more information or contact one of our experts.

Loftware

The world's largest cloud-based labeling and artwork management provider

No matter what the challenge – digital transformation, time to market, or brand authenticity – Loftware can help you make your mark. We understand how global supply chains work and know that each item you produce, and ship is an expression of your company's brand. We can help you improve accuracy, traceability, and compliance while improving the quality, speed, and efficiency of your labeling. Our end-to-end cloud-based labeling platform helps businesses of all sizes manage labeling across their operations and supply chain and our solutions are used to print over 51 billion labels every year. Loftware also fosters supply chain agility and supports evolving customer and regulatory requirements, helping companies save over $200 million in fines annually. And with over 500 industry experts and 1,000 global partners, Loftware maintains a global presence with offices in the US, UK, Germany, Slovenia, China, and Singapore making us a trusted partner for companies in automotive, chemicals, clinical trials, consumer products, electronics, food & beverage, manufacturing, medical device, pharmaceuticals, retail/apparel and more.

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