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# IMPROVE TRACEABILITY, ELIMINATE LABELING BOTTLENECKS

ENTERPRISE LABELING FOR THE FOOD & BEVERAGE INDUSTRY



**LOFTWARE**<sup>™</sup>  
ENTERPRISE LABELING SOLUTIONS

## IT'S TIME FOR A POWERFUL NEW SOLUTION FOR FOOD & BEVERAGE LABELING

As the food and beverage industry has become more global in scope, health and safety concerns—and regulations—have mounted, and the risk of product recalls has put a greater focus on traceability across the extended food supply chain. Competition is intense to begin with, and mergers and acquisitions intensify it even more so, putting pressure on companies to become more efficient if they want to stay both competitive and profitable. Consumers are more demanding, calling not only for greater variety but for more information on the product they're consuming. (What's in it? Where does it come from?) In this environment, as labeling is growing in importance, Enterprise Labeling is providing a powerful new solution that helps companies improve traceability, sustain compliance, reduce costs, and drive overall operational efficiency.

## WHAT MAKES THE FOOD & BEVERAGE INDUSTRY SO CHALLENGING?

Given health and safety concerns, and given how prominent the industry is in the public eye, few industries are as challenging as food and beverage. And from a labeling perspective, there are few industries where labeling is of such great importance. What makes this industry so challenging?

### REGULATORY REQUIREMENTS

In the food and beverage industry, the demands for quality and safety are high, as are the stakes. Failure to meet standards can have profound consequences, including widespread illness and even loss of life. This translates into a multiplicity of regulations. And given the increasingly global nature of the food and beverage industry—with supply chains, manufacturing operations, distribution, and markets that are worldwide—regulations aren't limited to just one geography.

Overall standards that food and beverage companies follow include the GS1 System of Standards, which has specific measures for retail groceries and food services which help companies meet customer, regulatory, and consumer demands through barcodes enabling them to use labeling to speak “the global language of business.”

- **U.S. Regulations.** A number of different government agencies share jurisdiction over the food and beverage supply chain, both within the U.S. and with respect to imports and exports. One of the most important set of directives governing food and beverages is the Food and Drug Administration's Food Safety and Modernization Act (FSMA), which is aimed at preventing food contamination, rather than just responding to it once an outbreak of illness occurs. In addition, companies will have to start identifying foods with genetically engineered, or GMO, ingredients, which was recently signed into law and will have a significant impact on labeling operations.

- **Regulations Outside of the U.S.** Around the globe, countries and regions have their own regulations. Many countries, including those in the European Union and China, require GMO labeling. In Europe, other food related requirements include EU1169, a directive designed to make food labeling more easily understandable and complete. In recent years, in the wake of many highly publicized incidents of adulterated food, China has become increasingly more focused on regulations, and now has a multitude of laws, regulations and standards in place.

Failure to meet labeling requirements for food and beverage companies can result in fines, shipment refusals or returns, or even confiscation in customs.

## **PRODUCT RECALLS**

Based on the recalls reported by the FDA, USDA FSIS, and the Canadian Food Inspection Agency, it's estimated that, in 2015, there were over 600 product recalls in North America alone. There were many different reasons for these recalls, including labels that omitted an ingredient, labels that included misstatements (e.g., labeling a product as "gluten free" when it contained wheat), the presence of contaminants, and food that expired before the "best by" date on the label. The frequency of product recalls makes it essential that shipments have labeling that supports traceability.

## **COMPLEX SUPPLY CHAIN**

The supply chain in food and beverage is complex, and presents many challenges. Many food products are made up of a wide range of ingredients that come from different providers, often scattered across the globe. Unlike many manufactured goods, most products in the food and beverage industry—both finished products and ingredients—have a limited shelf life. Market fluctuations in demand for both finished product and raw materials also add to supply chain complexity. Factor in regulatory compliance, and it all adds up to a complex supply chain with complex labeling requirements.

## **AN EVOLVING COMPETITIVE ENVIRONMENT**

The food and beverage industry has always been marked by intense competition, and the explosion in the variety of products offered illustrates how important it is to differentiate offerings and appeal to specific consumer segments. While consumers demand higher quality and greater variety, they are generally not interested in paying a premium price. This puts pressure on companies to trim costs wherever possible. Introducing greater efficiencies into the labeling process is one source of potential cost savings. Merger and acquisition activity within the food and beverage industry is also driving the demand for increased efficiency and lower costs. Being a mature industry, margins are important so food and beverage companies will look for areas where they can reduce waste or streamline productivity such as consolidating disparate, often manual, labeling solutions into one standardized solution.

## THE EXPANDING ROLE OF LABELING: THE SHIFT FROM TACTICAL TO STRATEGIC

For the food and beverage industry, complexity is nothing new, and companies are well aware of how important labeling is to managing their challenges. Yet many continue to rely on an outmoded labeling approach. As their organizations have grown, either organically or through mergers and acquisitions, there is a tendency to keep in place siloed, unconnected labeling applications, a piecemeal “solution” that’s expensive to update and maintain, inefficient in terms of its operation, and makes quick response to new regulations—some imposed with as little as 30 days notice—difficult to handle. Because they draw on many different sources of data, and often have to replicate that data into another repository (sometimes even from manually maintained spreadsheets), these “solutions” are typically error-prone.

With different labeling used at different junctures in the production and distribution cycle, traceability is difficult, and recalls can’t be easily conducted. Additionally, as your suppliers, distributors, and customers increasingly demand labeling changes, it becomes tougher to quickly implement them with older systems, as changes may require IT involvement with long lead times.

The byproducts of the tactical approach to labeling are many and can put companies at substantial risk. Mislabeled shipments are rejected by customers, or languish in customs. Fines may be levied. Lost or faulty product shipments can’t be tracked. The labeling requirements of trading partners and customers can’t be easily met. Too much time and expense is spent having to relabel incoming raw materials from suppliers. Opportunities to reinforce brand—often a brand that’s heavily advertised and years in the making—are missed.

Today, forward-thinking food and beverage companies increasingly want to look at labeling from a strategic, system-wide perspective as an extension of their supply chain applications. They recognize labeling as a critical mechanism for maintaining compliance, improving operational efficiency, satisfying partners, and promoting their brands.

## TIME FOR A MORE STRATEGIC, ENTERPRISE-WIDE APPROACH TO LABELING

By treating labeling as a strategic process—and by implementing an Enterprise Labeling solution—food and beverage companies are able to make shipments more traceable, achieve consistent branding, reduce regulatory costs, eliminate data redundancy, and improve overall labeling efficiencies.

**What is enterprise labeling?** Enterprise labeling is an approach that integrates labeling processes with business processes to standardize mission-critical labeling. Dynamic and data-driven, enterprise labeling enables businesses to more nimbly react to evolving customer, regional and regulatory requirements, and empowers business users to



# Specialized Ingredients Company Saves \$400K Annually with Enterprise Labeling

Manufacturer of spices, herbs and flavoring sold to the retail, commercial and industrial markets, 44 Facilities , 22 Manufacturing sites and 2 R&D centers, products sold in 100 countries.

## OBJECTIVES

- Support sustainability to avoid fines, shutdowns, supply chain failures
- Satisfy GS1, GHS/OSHA, FSMA and other requirements
- Quickly respond to regulatory changes (requirements from China give as little as 30-day lead time)
- Reduce manual effort, errors on labels, and product waste
- Reduce process failures that could lead to lost customers
- Needed architecture for many types of label printers globally and a tight integration with SAP

## BENEFITS

- Scalable architecture to support current and future state enterprise requirements
- Labels created/maintained in centralized managed environment to eliminate user error and save >\$400K in annual re-labeling and customer fines
- All data maintained in SAP, ensuring the right data on the right label
- Deployed printer-independent architecture to support printers with seamless integration to SAP for faster processing and printing

quickly and efficiently design and maintain barcode labels. It also ensures consistency across a global supply chain, helping companies meet performance and scalability requirements with the power and flexibility to support complex, global and high volume labeling environments.

Loftware Enterprise Labeling sets the standard for strategic labeling, providing a new level of visibility and control for food and beverage companies that delivers these benefits:

#### **“SOURCE OF TRUTH” LABELING IMPROVES ACCURACY, REDUCES COSTS**

Food and beverage companies have invested heavily in ERP and other systems for managing their business and complying with regulations. Loftware sources label data directly from approved sources of truth, i.e., from key data repositories, ERP systems, and other applications. Through tight integration with existing systems like SAP and Oracle, you can automate and centralize labeling to improve accuracy and save significant time, while also reducing and often eliminating complex data replication and synchronization costs.

#### **FLEXIBLE APPROACH HELPS MEET CUSTOMER-SPECIFIC REQUIREMENTS**

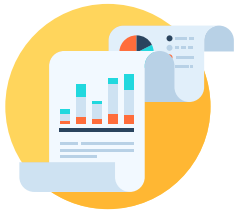
Organizations within the food supply chain are increasingly required to respond to customer and partner labeling demands. These requirements are varied: logo placement, language variations, the introduction of color, location-specific information, country regulations, labeling that conforms to a customer’s existing systems and more. With Loftware’s integration with ERP, CRM and other customer data sources, food and beverage companies are able to quickly and accurately keep up with customer requirements—no matter how unique they may be.

#### **INTEGRATED LABEL PROCESSES PROMOTE QUALITY AND EFFICIENCY**

When labeling is integrated with enterprise business processes, these processes are simplified and non-value added activities are reduced. With Loftware, companies can perform their critical manufacturing, packaging, and distribution tasks without having to access separate labeling systems or worry about keeping labeling synchronized with process or operational data.

#### **BUILT-IN BUSINESS LOGIC ENABLES RAPID RESPONSE TO CHANGING DEMANDS**

Loftware enables food and beverage companies to rapidly respond to changing regional and international regulatory requirements for labeling, as well as to the evolving demands from partners and customers. By leveraging a built-in business rules engine, companies can create rules and logic that empower select users to make formatting changes quickly in a controlled manner, without having to wait for updates to your enterprise applications. Easy-to-use design tools with a WYSIWIG interface make it that much easier for business users, not IT, to update templates as needed.



# Global Food Manufacturer Standardizes on Labeling Across 23 Sites

Industry leader in food products, ingredients and flavors serving the food, beverage and pharmaceutical industries. Over 15,000 products provided to over 140 countries globally.

## OBJECTIVES

- Implement a labeling solution to streamline efficiency and cut costs
- Standardize labeling across 23 manufacturing facilities worldwide – all currently using varying labeling standards
- Consolidate technology applications across all sites alongside its five year roll out of SAP
- Eliminate the need for SAP Smart Forms for labeling while enabling end users to create customer specific label formats

## BENEFITS

- Single enterprise-wide labeling solution supports a network of over 1,500 print devices worldwide
- Enabled central design and updates of labels to ensure compliance and label standards are met throughout the organization globally
- Software's certified and seamless integration with SAP enables labeling to be driven from SAP as the single source of truth
- Business rules allow users to dynamically select printers and templates, and apply conditional formatting to meet customer specific requirements

## SCALE LABELING AS NEEDED

As food and beverage companies expand into new markets or grow in their existing territories, they need to drive a higher volume of labels. Loftware helps a couple of ways. Supporting the native drivers of more than a thousand different print devices, our Enterprise Labeling solutions connect directly with printers for high-speed processing that won't bog down the network. This allows customers to produce thousands, sometimes millions, of labels faster than ever before. Also, because label templates are shared across the organization and changes can be made dynamically, you dramatically reduce the number of templates you need to manage—even as the business grows.

## EXTEND LABELING TO SUPPLY CHAIN PARTNERS

Full traceability requires that all nodes on the supply chain share a systematic approach to labeling. Loftware Enterprise Labeling provides secure, remote access to label templates, so that supply chain partners can simply run off the labels as needed by the manufacturer with the right data and information to route incoming goods more quickly. By gaining new visibility into when materials are labeled and shipped, and eliminating the need to relabel goods upon receipt, companies can save thousands, even millions of dollars on inventory costs.

## STEPPING UP TO ENTERPRISE LABELING

In today's challenging environment, food and beverage companies are increasingly taking a more strategic approach to labeling. With Enterprise Labeling from Loftware, they're able to put a labeling strategy into action, and with it, they're enabling better traceability, responding more quickly to regulatory and customer requirements, and improving overall operational efficiency. See how Loftware can provide you similar benefits, while helping to grow your bottom line.

Visit [www.loftware.com](http://www.loftware.com) and keep up with the latest industry news by subscribing to our [Blog](#).



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Loftware, Inc. ([www.loftware.com](http://www.loftware.com)) is the global market leader in Enterprise Labeling Solutions with more than 5,000 customers in over 100 countries. Offering the industry's most comprehensive labeling solution, Loftware's enterprise software integrates SAP®, Oracle® and other enterprise applications to produce mission-critical barcode labels, documents, and RFID Smart tags across the supply chain. Loftware's design, native print, and built-in business rules functionality drives topline revenue, increases customer satisfaction, and maximizes supply chain efficiency for customers. With over 25 years of industry leadership, Loftware's Enterprise Labeling Solutions and best practices enable leading companies to meet their customer-specific and regulatory requirements with unprecedented speed and agility.

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