

Offshoring Packaging Premedia

Meeting the demands of the globalized marketplace

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EDDIE POONAWALA



Packaging: The game has changed

Rising costs of production, growth of private labels, the need for speed, consistency and standardization are all combining to put tremendous pressure on marketers of branded consumer packaged goods, food, pharma, durables and such other products. Marketers are being forced to make constant innovations in packaging, versions products, spend more on promotions and penetrate finer market segments through brand extensions. All this means more packaging, produced faster and more cost efficiently than ever before... Changes to packaging that took months to implement and show up on retail shelves is now expected in weeks...

In response to these trends, consumer marketers are being forced to change the way they look at the creation and implementation of their product packaging. Consolidating and optimizing spends on production and purchase of associated services - graphic design, artwork building, repro and print - is now, no more sufficient at a national or regional level, but needs done on a global scale.

Over the last few months, several global brands have put their packaging services requirements up for scrutiny. Contracts are being renegotiated, new RFPs have been floated and long-standing service providers are being mandated to seek partnerships for offshore production in an effort to bring costs down while raising efficiencies higher.

As a marketer of packaged products, this has obvious and immediate implications for your business. You have a clear strategic choice to make: quickly embrace the powerful advantages of globalization or watch your competition beat you to the goal...

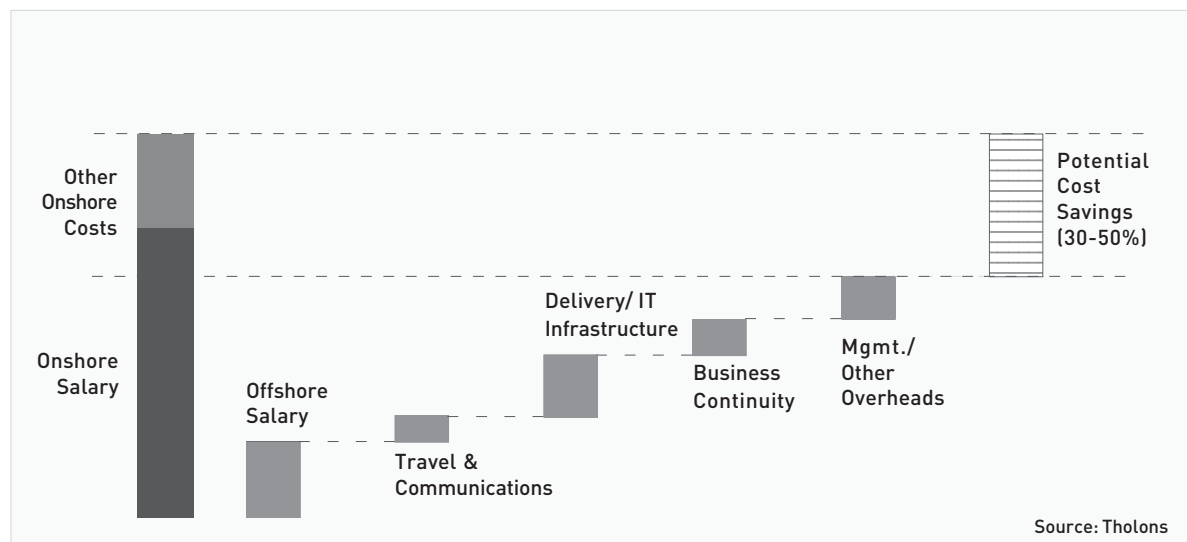


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Offshoring: A Proven Strategy

Today, offshoring isn't a yes or no decision any longer. It's more a question of 'when' and 'how soon'. Offshoring is actually the new facet of a strategy already practiced and proven for long by businesses - globalization. The opportunity costs for businesses not adopting offshoring far outweigh potential savings through any alternative competitive strategy. Across industries and business processes, offshoring to low-cost economies such as India has yielded European corporations between 30-50% direct cost savings.

Fig. 1: OPPORTUNITY COSTS FOR BUSINESSES NOT ADOPTING OFFSHORING



But there is more to offshoring than costs. While popular perception of offshoring's benefits can be merely about labor cost reduction, several non-financial benefits can result from this strategy. Offshoring raises productivity, overcomes problems of skills availability and empowers service providers with the capability to support their customers on a global scale.

The Top 5 benefits of offshoring would be:

- **COST SAVINGS:** Reduce process costs by 30-50% of current European levels (depending on process).
- **PRODUCTIVITY:** Gain 3-5 hrs (Europe/ ANZ) and 9-12 hrs (N.America) of productive working time every day on account of time zone difference.
- **IMPROVED SERVICEABILITY:** Add capability to service your client on a global, 24 x 7 basis.
- **ACCESS TO SKILLS:** Gain access to skills more easily than in your market.
- **INCREASED COMPETITIVENESS:** Your competition will most likely embrace offshoring whether you do or not.

Offshoring in packaging graphics

In the graphics art/premedia domain, production processes such as artwork building, repro and image retouching/manipulation have been very effectively delivered from offshore locations such as India. ComartOne – part of Comart, India’s largest and most respected premedia company – has been at the forefront of building a scaled-up, risk-managed offshore service capability particularly in the area of packaging prepress.

Fig. 2: COMART’S SCOPE OF PACKAGING PREMEDIA SERVICES

SCOPE	DESIGN ADAPTATION	ARTWORK PRODUCTION
INPUTS	<ul style="list-style-type: none"> ■ Technical Drawings ■ Dielines ■ Master File ■ Adaptation briefs ■ Order of priority of elements ■ Copy ■ Images 	<ul style="list-style-type: none"> ■ Master file ■ Dielines ■ Linked Images/Objects ■ Fonts ■ Brief ■ Special Instructions ■ Final edited Copy
PROCESS	<p>Use Master File as reference to make adaptations for the dielines supplied. Adaptations can be of different sizes or packaging types. Special care taken to abide by order of priority, keeping as close to the Master file as possible.</p> <p>MAIN FOCUS: Proper positioning of elements within the supplied dielines.</p>	<p>Use Master file /instructions to get artwork ready to print through specified print processes (Gravure, Flexo, Offset etc).</p> <p>MAIN FOCUS: Maintaining correct layer structure, colour treatment, technically checking all aspects of artwork.</p>
OUTPUT	Low res PDFs for approval, Open Final Illustrator files on approval	Open Illustrator files/ Scope PDFs/ EPS files
SCOPE	REPRO	3-D VISUALIZATION (For visualizing packaging before creation of physical mock-ups)
INPUTS	<ul style="list-style-type: none"> ■ Pre Trapped Artwork (Illustrator file) ■ Colour print sequence ■ Trap settings ■ Special instructions 	<ul style="list-style-type: none"> ■ Flat artwork in actual scale ■ Package dimensions with dieline to indicate folding ■ Physical sample or artist’s sketch if available ■ Special instructions such as material properties
PROCESS	Trap the file supplied per specs provided. Create Special colour channels out of process colours if necessary, for supplied CMYK images	Develop/ create a wire mesh using 3-D Max software. Flat artwork is wrapped around the mesh. Based on material properties, the 3-D prototype is rendered which can either be delivered as still images or as interactive QTVR (QuickTime Virtual Reality)/ VRML (Virtual Reality Modeling Language) files. Where physical sample is available, the QTVR can also be generated using photographic means without the need to create a 3-D mesh.
OUTPUT	Final Print ready artwork in Illustrator (Open and contoured) + Scope PDF or GRS (Esko) files	QTVR/ VRML Still image

Currently, Comart's offshore services is driven by an 85-person team comprising artwork operators, repro/trapping and color management specialists, IT/data management as well as client servicing/operations management professionals.

Fundamental to working in an offshore environment is the ability to communicate effectively in English especially at the operating levels of the engagement. Which is where, one of India's biggest attractions lies. Today's telecommunications networks and basic tools such as FTP, Skype, email and video-conferencing allow organizations wherever they may be, to connect global talent pools, production resources and expertise very seamlessly.

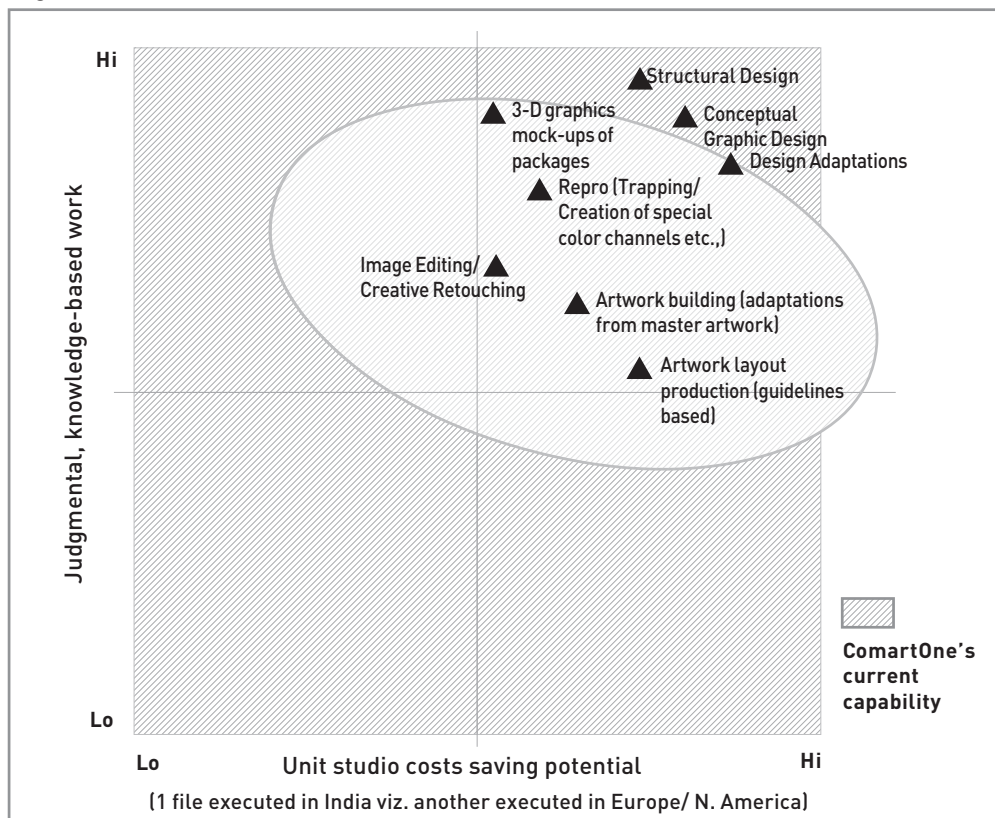


Advanced software for graphics lifecycle management, real-time proofing, Skype/video conferencing and a deeply process-driven approach to production ensure seamless delivery of very complex packaging prepress services at ComartOne.

Savings potential for packaging work

Not every packaging related process is similar in scope of work/effort. Depending on whether the work involves largely mechanical, labor-intensive processing or judgmental, knowledge-based execution, the potential to save can be significantly different. The biggest determinant of costs however, is the expected and delivered service levels (See Fig. 4 on pg. 7 to understand the implications of service levels on costs).

Fig. 3: PACKAGING SERVICES & COST SAVING POTENTIAL



The strategic view of offshoring: Why choosing the right partner matters

Visionary businesses have been quick to realize that the economics of the game have changed and that it's time to adopt a more global view of the market situation. The early movers have been quick to embrace the obvious and proven benefits of an offshoring strategy. As much as it is about the search for lower costs, offshoring is also about finding the right partners to work with.

Separating Myth from Reality

One of the biggest myths about offshoring is that once a technically qualified supplier is identified that offers the lowest price, the ideal partner is found. The truth of course, is very different. Beyond the initial euphoria of a decision to partner based on pricing and technical evaluation, offshoring like any strategic business decision, essentially boils down to risk management. The prime manifestations of financial and contractual risks at the offshore partner's end include:

- Lack of width and depth of technical expertise (packaging related) in areas such as color management, trapping/ repro, print production knowledge etc.,
- Scalability – partner's ability to attract, develop and deploy quality skills on a large scale and in quick time.
- Process orientation – ability to service to SLA-driven engagements.
- DR/BCP (Disaster recovery and business continuity) capabilities – planning for loss of data, outage of service and natural disasters.
- Lack of long-term business vision and investments in training and knowledge building.
- Lack of proven, large-scale delivery experience in offshore services.

QoS is Finally All that Matters

Quality of Service (QoS) is a fundamental determinant of success from offshoring. Needless to say, QoS levels determine the pricing and the long-term success of your offshoring initiative. Beyond just the quality of output on a trial and levels of resources deployed, commercial terms offered by suppliers must be measured in terms of associated service levels and therefore, risk exposure. An unsophisticated measure of determining supplier choice would be hourly rates quoted by suppliers. Costs associated with securing data assets, building contingency measures and back-ups of resources to ensure service availability, deploying processes that minimize errors and iterations in work and of course levels of automation (specialized software, hardware and Internet bandwidth) all determine risk exposure for your offshored process. ComartOne offers differentiated service levels tailored to your specific needs (See Fig. 4).

More than a supplier-buyer relationship, offshoring is about partnership and shared objectives. Often, it is about shared investments in creating new capabilities and skills through training and knowledge transfer.



Comart's training institute is an initiative to ensure constant supply of industry-ready skilled resources. The institute offers Adobe-certified training courses in packaging, artwork production, magazine repro as well as advanced courses on software platforms such as Photoshop, Illustrator and InDesign.

A Partnership Approach Spells Success

Managing the transition within your organization into a new way of working, bridging cultural gaps, aligning work styles, process-orientation and overall change management are the hard truths of implementing an offshore strategy. Which is where, choosing a partner with the vision, experience and foresight to appreciate your challenges is most crucial. More than a supplier-buyer relationship, offshoring is about partnership and shared objectives. Often, it is about shared investments in creating new capabilities and skills through training and knowledge transfer.

ComartOne is the only prepress supplier in India with the scaled ability to deliver from two locations - Mumbai & Bangalore. This clearly puts our client's in a position where risk from offshoring is managed in a planned manner.

Risk Management at ComartOne

ComartOne's vision for offshore services entails comprehensive risk management and takes into account resourcing, technology, training, infrastructure planning and continuous improvement measures.

Disaster Recovery/Business Continuity Planning

Both our Mumbai and Bangalore operations are connected via a sophisticated Veritas DR/BCP IT infrastructure that ensures your vital production data and customer assets will be safe and continuously backed up. Apart from data back-up, multiple Internet connections, back-up power supply and human resources are in place.

Fig. 4: SERVICE LEVELS - WHAT SUSTAINS QUALITY IN OFFSHORING

Premedia Offshoring: Service Level Criteria To Consider	
Turnaround Time	Overnight (<12 hrs)/ file
	< 24 hrs/ file
	> 24 hrs/ file
Staffing Levels	On-demand
	Dedicated to client
	Dedicated to brand
QC Levels	2-stage
	3-stage
	Dedicated QC department
Account Mgmt.	Dedicated
	Dedicated for each shift
Business Continuity	Data storage/ backup
	Dedicated server
	Backup data/ file Server (co-located)
	Backup data/ file Server (offsite)
	Redundant bandwidth
	Dual-location team (min. backup staff in secondary location)
Service Availability	Min. 2 hrs. power backup
	Less than 24 hrs x 6 days/wk
	24 hrs x 6 days/wk
	24 hrs x 7 days/wk

Service Level Agreements

ComartOne offers differentiated service levels tailored to your specific needs. All engagements are backed by adherence to agreed turnaround time and quality parameters.

Investing in skills and human resource availability

Availability of skilled and quality manpower that meets our stringent standards as well as those of our customers is a potential challenge going forward. In recognition of this fact, Comart has recently set up a premedia training institute in cooperation with Adobe (talks on with Esko and other technology providers) to create a skilled labor pool of industry-ready operators and graphics specialists.

Dedicated, client and brand-focused delivery teams

Our offshore operations teams work with a strong client/ brand focus that allows continuity of knowledge, consistent quality and confidence building with clients. Significant reduction in variability of quality in output has been achieved as a result of this approach.

Process driven approach to service delivery

Our process-driven work environment reduces subjective judgment and dependence on individual discretion to execute jobs. Operator tasksheets, checklists, multi-level quality control and collaborative planning of jobs and projects with client teams ensures minimal error rates and compliance to service level agreements (SLAs).

Migration planning

ComartOne's approach to partnering follows a structured method involving process audits, trials, production pilots, establishment of client-specific workflows and processes, resource planning and ramp up. We work closely with client teams to collaboratively plan and deploy resources to meet volume and SLA demands ■

For further information, contact:

Eddie Poonawala
Chairman
eddie@comart.in
Tel: +91 22 4200 3800
Mob: +91 98200 63845

www.comart-one.com



ComartOne Premedia Pvt. Limited
386, Sane Guruji Building,
Veer Savarkar Marg, Prabhadevi,
Mumbai - 400 025. INDIA.