5 Steps

to a

Successful Packaging Digital Transformation

by John Elworthy
VP of Deployment and Customer Support

ESKO ✳ | BRAND SOLUTIONS

Table of
Contents

5 Steps to a Successful Packaging Digital Transformation

Recent studies project spending on technologies and services that enable digital transformation will hit $2 trillion by 2022 with process manufacturing leading the way, and for good reason:

market dynamics such as increased globalization, shifting consumer expectations and changing regulations have complicated traditional formulas for competition and growth. Digital transformation is the most impactful way to accelerate business activities, processes and competencies to deliver results in this new landscape.

The rise of digital technologies and transformations impacts all industries, including consumer packaged goods (CPG) companies and permeates all facets of the business, including product packaging. Whether a product is found on a physical or digital shelf, the packaging still plays a key role in marketing to consumers, therefore companies should continually look for ways digital transformations can move their products quickly through the value chain, getting their products to market quickly and accurately. However, McKinsey research shows CPG is one of the least digitally penetrated industries. There's clearly much room for improvement.

According to a survey by **Wipro Digital**, half of U.S. executives feel their companies are failing to execute 50% of their digital strategies, and one in five described their digital transformations as a "waste of time." However, those that successfully implement digital transformations find that the rewards are sizable. According to an **article by McKinsey**, costs can be cut by 90%.

It this e-book, I uncover one of the primary reasons packaging digital transformations fail and five keys to success.

Digital transformation is the **most impactful way to accelerate business activities, processes and competencies** to deliver results in this new landscape.

Why Packaging Digital Transformations Fail:
Resistance to Change

Change can be challenging in enterprises where corporate leaders have enjoyed a certain degree of comfort. Under these circumstances, it's easy to think the current state, no matter how dysfunctional it may be, is working. Indeed, 43% of 4,500 CIOs surveyed for the **2017 Harvey Nash/KPMG CIO survey** cited resistance to change as the top impediment to a successful digital strategy, and packaging management transformations aren't immune. To better your future state, you must continuously improve and fine-tune your process.

Management lacks practical experience and capability to drive impactful change, often times falling back on previous experience (which may or may not have worked)

Management doesn't understand the need for multiple systems to exchange data

The team is unsure which software platform is appropriate to implement change

Teams don't believe they have the necessary skills to use the new technology

Teams want to hold on to their old software (often custom designed for their specific needs), unaware of the bigger picture of the connected landscape

Some of the common change management challenges **Esko's packaging and artwork management technology** implementation and consulting teams observe include:

Company culture doesn't reward user adoption of the new technology

The user doesn't know what's expected of them

Teams worry they can't do their job as well as before

Teams believe the new technology doesn't fit into the current packaging process and don't understand the overall digital transformation strategy

Management lacks insight into how often teams use the software

Digital transformation and the radical rethinking of how an enterprise uses label and artwork management technology to dramatically affect performance increases the proliferation of data throughout the packaging process. Organizations can leverage this data to unlock new opportunities, such as improving product packaging responsiveness, driving consistency, and quality for better consumer experience and critically important: **measuring ROI on the transformation** itself and establishing the business case for new digital transformations.

Define Your Packaging Digital Strategy and Build a Business Case

1

To initiate a packaging digital transformation, you will first need to **build a business case**. A business case forces you to define the business needs and objectives driving your project. Even a one-page statement that outlines the scope, goals, risks and potential cost of a project aligns a team of people on what needs to be accomplished. And importantly, this sets your transformation up for success from the onset.

To start, it helps to think about the current state of your business and map out where your challenges or opportunities lie. Could your packaging team stand to gain from creating efficiencies in your business by providing access to information for improved decision making? Is there a way to improve product packaging responsiveness? Is it an internal problem focused on employees and current systems? Or could opportunities lie externally and involve connecting and improving your process with external partners, such as agencies, printers, and converters?

Using a roadmap such as the **Digital Maturity Model for Brand Packaging**, marketing, design, and packaging leaders can better determine their current state and visualize the future state by reviewing key areas including:

| Visibility | Connectivity | Risk Management | Quality | Cost Position | Responsiveness | Process Control | Delivery |

Don't hesitate to assign Key Performance Indicators (KPIs) to your roadmap, such as:

Remember: this data will help you **validate your business case** for digital transformation and set the stage for transformation initiatives to come.

Increase your team's output by **up to 30%.**

Influence process control and delivery by **reducing project management time by 40%.**

Embrace the Change

2

After you have clearly defined your digital strategy, reliant on a strong business case, and identified the technology necessary to achieve your transformation, do not forget the users and all the stakeholders impacted by it.

It's always challenging to ask a team to use new technology but to make it easier, focus on your team and not just the tools. First and foremost, you need to get executive sponsorship for your digital initiative, as well as commitment and alignment from key decision makers in your organization. Their commitment must then cascade onto middle managers, who should act as change agents and lead by example. A thorough mapping of all stakeholders impacted by the new digital strategy will help in analyzing level of engagement, skills gap and points of possible resistance as well as in planning mitigative actions accordingly.

To further increase user adoption rates, involve the design, packaging, marketing, and IT teams in the in the technology purchasing process as well as all stakeholder teams such as legal, brand, regulatory and operations teams, early. These will be daily users of the software, and they're likely to have excellent insights into what the software requirements should include. Furthermore, by listening to them and noting their feedback, you're increasing the likelihood they'll embrace the new technologies later.

A communication plan must keep everyone up-to-date and up-to-speed with the ongoing changes.

2 Embrace the Change

Packaging

Design

To further increase user adoption rates, involve the departments and teams

Marketing

Regulatory

Then it is time to "rally the troops," and align everyone on the strategy, narrative, and vision. Make it a priority to establish a bilateral communication channel where users are involved early, as the early stage is the real engine of the proposed change. Create a communication plan tailored per stakeholder group to frequently keep everyone up-to-date and up-to-speed with the ongoing changes. In each communication initiative, emphasize a "What's In It For Me?" (WIFM) value proposition to create urgency for making the change happen as soon as possible.

Once the direction is shared and accepted, you need to gear up your troops, enabling them to operate quickly while also easing their transition. A sound training plan and materials will address the skills gaps identified during your stakeholders' analysis. Remember: According to the Adult Learning Theory, people retain 70% of what they read, therefore, consider making the training interactive.

Organize Your Assets, Data and Teams for Digital Transformation Success

3

According to **Kurt Cagle of Cognitive World**, a priority in digital transformation is metadata management. This is an integral function - because what you do with your information will determine your ability to yield results from your transformation, including packaging innovation, productivity, compliance, and growth.

For packaging organizations pursuing a digital transformation, this means making sure all elements of your packaging data, from artwork to ingredient lists, are accessible, usable, understandable, and trustworthy across applications in every business function – from the C-level to the front line – every day.

In order to achieve this, it is important to start by understanding the endgame (or "what good looks like") for your organization from a technology software or systems perspective. Ask yourself the following questions:

- What systems do you already own?
- What do you need to own?
- What can be outsourced?
- What needs to be connected (exchange metadata and files) to what?

Once you have this clarity, you can identify your quick wins (which systems are critical / priority versus which systems can wait). Gaining

What does **good** look like?

Answer these questions to help clairfy your company's needs:

- What systems do you already own?

- What do you need to own?

- What can be outsourced?

- What needs to be connected (exchange metadata & files) to what?

this clarity on your interconnected systems' 'end-game' will enable you to implement these critical systems in a way that makes them ready to connect in the future.

One way to achieve this kind of control over your metadata is by implementing a **Digital Asset Management (DAM)** solution and a **copy and content management workflow** to organize and house your metadata, providing your organization solid systems of record. A DAM stores and organizes final, approved digital content for packaging labels and artwork, including the associated metadata, bridging all product lifecycle-related technologies together.

A copy and content management workflow develops and houses all packaging and labeling metadata in your process. It collects, manages, and enriches your product information, meaning you always have up-to-date content matched to what's on-shelf. The workflow also helps you distribute the right content to your sales teams, suppliers and e-commerce/retail channels.

From product creation to retirement, all packaging teams need to access a master source of truth. It's an important contributor to digital transformation efforts, streamlining the content creation and discovery process, and providing a quick way to prove the value of digital systems to the business.

A single source of truth is an important contributor to digital transformation efforts.

Beyond consolidating and organizing your metadata, you'll need to consider how you'll roll-out your new digital transformation process. Do you want to start with a particular business unit? What about rolling out the technology to a particular region or country? In my experience, customers who have successful transformations take a strategic approach to change management and technology adoption.

For example, one customer conducted research to gain insights on which employees are most open to change management (by country). By identifying which countries are open to change, they determined which regions would implement the new technology first, gradually rolling-out the solution across regions, one at a time. Leveraging this type of information enabled the company to achieve packaging digital transformation success.

Leverage Data Analytics and Business Intelligence

4

Those who see a packaging digital transformation as a competitive advantage know the high impact benefits of gathering, analyzing, and sharing data across all business functions. For example, tracking a simple metric such as the time to approve a package can uncover process inefficiencies or waste that results in a product spending less time on the shelf. A digital transformation provides the necessary toolset to determine the root cause of problems so companies can implement appropriate countermeasures and further accelerate business operations without error.

Organizations that quickly seize the data available in a digital transformation and institutionalize its use simplify the complexity of critical structures and operations and realize immediate benefits – which improves transformation buy-in across functions and their stakeholders.

Label and artwork management technology can produce analytical reports and enable data sharing that allows companies to seamlessly identify cost reduction opportunities (such as artwork approval bottlenecks) and trouble-shoot high-impact issues (such as compliance errors) to improve time to market. But not all systems are the same; if you're looking to create a seamless real-time knowledge transfer and consistent collaboration, look for providers and tools that enable more effective packaging management operations and offer product integrations.. It's not easy to do it yourself, so it is imperative you find the right partner who can help you implement and manage the change, while having the process and domain expertise to ensure the technology is configured correctly.
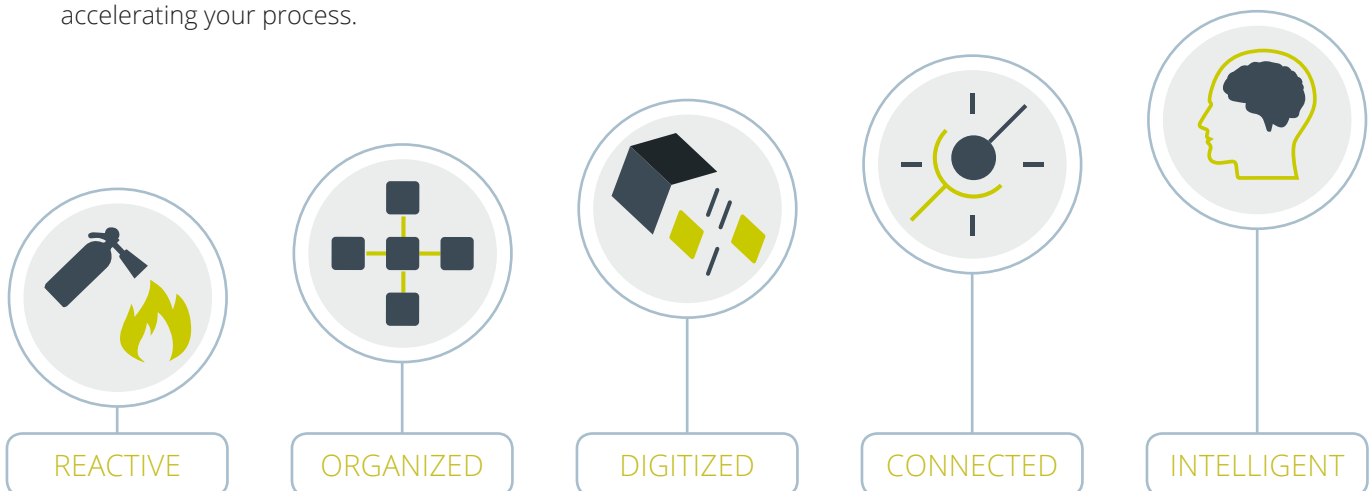
Realize the Transformation is Ongoing

5

Finally, after implementing your digital transformation, there's a good chance your users will return back to their old habits. In order to prevent this, you need to work on sustaining your implemented changes through continuous monitoring of KPIs and other indicators related to change (such as the **DICE framework**), identifying bottlenecks and rapidly implementing countermeasures to keep the momentum and root the new tasks into your teams' daily activities, celebrating achievements and considering incentives for overcoming blockers.

And if you deliver a successful packaging digital transformation, chances are it will be the catalyst for additional initiatives, each of which will be faster and easier than the one that came before. Because of your successful transformation, you'll know the necessary steps to accurately implement change; however, while the digital transformation process remains the same, the technologies implemented will differ.

I would recommend utilizing a **Digital Maturity Model** to better define your future state roadmap and find appropriate packaging technologies to reach Connected and Intelligent levels of packaging maturity, further accelerating your process.

REACTIVE ORGANIZED DIGITIZED CONNECTED INTELLIGENT

Final
Thoughts

John Elworthy is VP Deployment for Esko Brands. Having joined Esko in 2003 John has a background in the printing and packaging industry. John was a founder member of Esko's Brand initiative in 2005 and has grown with the business since then, holding various sales, pre-sales, marketing and operations leadership roles and gaining extensive experience working with the world's leading brands along the way. John was instrumental in the acquisitions of both MediaBeacon and BLUE Software which have helped drive step changes in Esko Brands solution offering. John holds an Executive MBA from Warwick Business School in the UK.

The digital transformation of your packaging process has the potential to drive overall business revenue and growth; however, it can easily be a daunting task. While in this e-book I've outlined some basic steps to help jumpstart changes, the fact is that many companies still find the entire process overwhelming.

For those unsure of where to start, consider aligning with a technology partner who has extensive experience implementing digital packaging transformations. For example, Esko consultants can meet with you to uncover your current state, and work with you on a Digital Maturity Model to identify your ideal future state. We can also identify appropriate packaging technologies available to improve your process, and increase speed-to-market, and help you integrate with pre-existing systems and ways to ensure synergy across internal and external stakeholders.

To learn more about how you can digitally transform your packaging process, visit:
www.packagingmaturitymodel.com
or contact us.

Esko helps its customers make the best packaging for billions of consumers. Our product portfolio supports and manages the packaging and print processes for brands, retailers, designers, pre-media and trade shops, packaging manufacturers, and converters.

Esko solutions are used in packaging management, asset management, artwork creation, structural design, prepress, 3D visualization, flexo plate making, workflow automation, quality assurance, sample-making, palletization, supply chain collaboration and/or the production of signage and displays.

Esko also offers consulting for businesses looking to digitally transform their packaging process. Backed by more than 90 years of packaging technology expertise and the Danaher Business System (Lean methodologies), Esko works with companies across the globe to identify the best packaging solutions.

The Esko family includes Enfocus, with its PDF quality control tools and automation solutions, MediaBeacon, with its digital asset management (DAM) solutions and BLUE Software, with its SaaS label and artwork management applications. **www.esko.com**

ESKO ✪ | BRAND SOLUTIONS