

> TOSHIBA TEC INSIGHT

> PASSPORT TO CONSUMABLES SUPPLY

All-in Service
Affordable
Adaptable



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> WHERE ARE WE TODAY?

While there is no doubt that the current soft economy has created a renewed focus on cost management for most organisations, those who use this opportunity to align cost cutting measures with their long-term strategic goals could emerge with a distinct competitive advantage. Better business involves making the best decisions for a company. What may seem right for one company can be completely different for another. Making the right decisions is in some respects down to management.

The management teams must work out what business strategies are long term, what is needed for the department's medium-term and also the day to day business decision practice and implementation.

Programming your printer supplies needs can be an effective way to bring world-class capabilities to your organisation that can impact cost savings and business efficiency. The key is to combine competitive pricing with innovation and reliable service to gain a true competitive advantage.



> TAKE CONTROL: OPTIMISE SPENDING AND COST CONTROL

From everyday business expenses related to sales and service to training and collaboration, business depends on spending and investment to improve the bottom line. Unfortunately, many companies are currently struggling to control their expenses as well as effectively tracking costs and managing policies and compliance. The good news is, despite the rising costs of nearly everything from travel and meals to office supplies and services, there are several concrete and proven steps that businesses can take to control costs and save money without giving up the need for continued investment in their business.



Pro-Active Cost Control

Managing service costs requires the ability to establish sound service budgets and streamline the control of actual service throughout your daily operations. With the complexity of managing many suppliers and service offerings, it is important to be able to establish proactive systems that can highlight potential cost problems before they occur.

In addition to the direct costs of inventory and shipping, effective managers also need to understand the indirect costs of service delivery. Indirect material and equipment costs are things related to the production and supply of your products that are not directly assignable to individual items.

A simple example of an indirect variable cost is printing costs. As you produce more items in your factory you may need to print more labels or instruction sheets. Consumables, barcode labels, RFID tags perhaps and the printers themselves (since they wear out, and the number of them that you need depends on how much you print) are all variable costs. Since it is difficult to tie the cost of a printer wear or consumables to a single production unit we call them indirect variable costs.

Where direct materials present you with something you can control on a weekly or monthly basis, indirect material and equipment represent slightly longer term items. Perhaps you may want to switch to a high-quality RFID-ready barcode printer and justify the higher printer cost with its lower running cost and faster printing. Gas, electricity, machinery, tools, paper, and a host of other items can all be classified as indirect material & equipment, and represent opportunities to optimise your business spending. These costs vary with the amount of work you do, but you can't easily assign their costs to individual orders or projects.

Measurable Results

- Better-managed labelling (barcode and/or RFID) across your entire operation
- Optimised operations and assets
- Enhanced staff performance.

Indirect material and equipment are great things for new managers to practice spending control on as they are generally lower risk than direct materials, don't require as swift action, but still show you are taking initiative in areas that matters to the bottom line when you set out looking for ways to cut the cost of providing your products and services, take the time to look past the parts and pieces of what you provide to the equipment and resources used to create them.

These components all contribute indirectly to your per piece costs, and represent opportunities to save money on the things you do repeatedly. As a manager it is your responsibility to understand the variable costs of your department, and take action to manage them. Managers that proactively take steps to control variable costs are recognised and appreciated as people that understand what it takes to make a business successful.

Long-term vision on cost management can lead to significant cost savings and further optimisation. Did you know that a 5% reduction in spending can have the same impact on bottom-line profits as does a 30% increase in sales?

> PROTECT YOUR INVESTMENT COMPATIBLE RIBBONS – A FALSE ECONOMY

Lower quality products can cause:

- Variable print quality
- Print head damage
- Invalidated warranties
- Expensive downtime
- Loss of business.

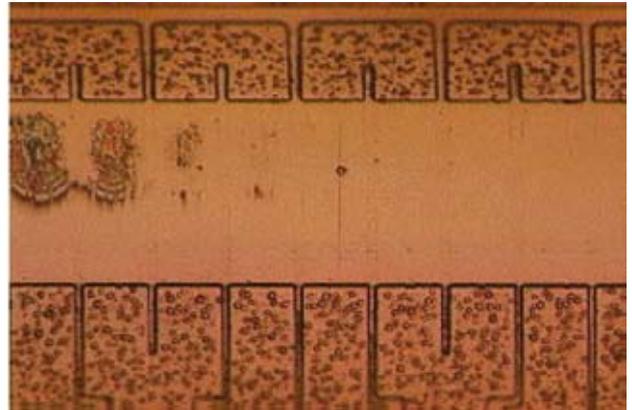
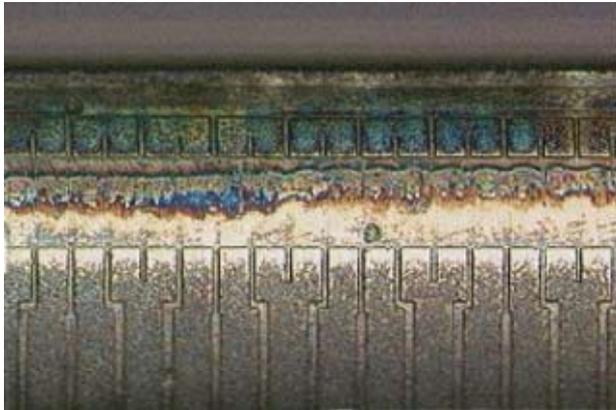
Counterfeit products are illegal. They are designed to look like original brand products, but are sold for less and made with inferior materials. Buyers often think they are getting a good deal because of the lower prices and believe they are buying the real thing. Of course, there are those who know their consumables are counterfeit, but pretend ignorance and buy them anyway to save a few pennies.

What generally happens is that these consumables are used, successfully at first, and the business thinks it has scored a bargain. Unfortunately, these products cost less because they are made from cheaper materials and via the quickest manufacturing process possible - which always delivers quality problems.

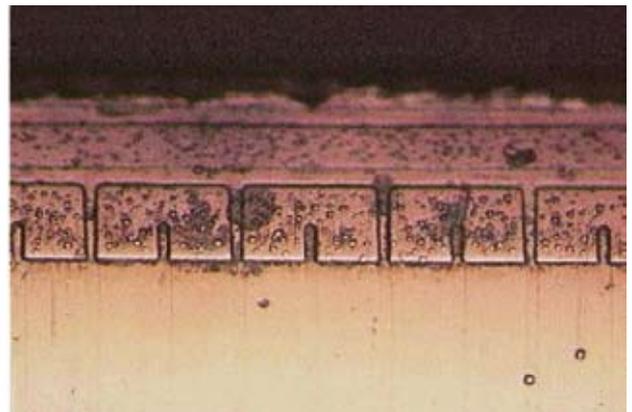
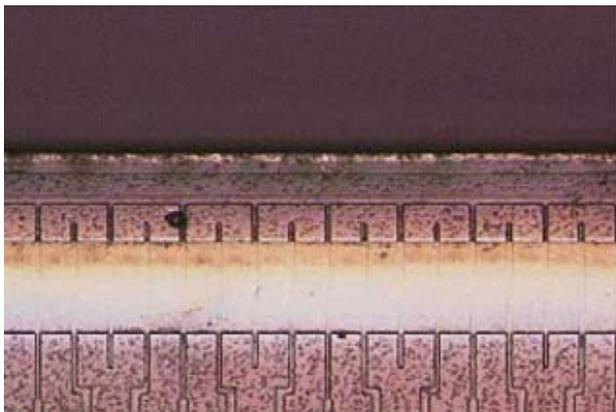
Some buyers are aware of the counterfeit dangers and therefore go the compatible route. Compatible consumables are legal alternatives and are sometimes perceived as cheaper than branded products.

Compatible products can be inferior as the manufacturers can cut corners to save money. The result is a consumable created from inferior materials and without the stringent manufacturing standards of the original. Moreover, there will be a very limited choice in the product range as the focus will be on the mostly used compatibles only.

Compatibles may sometimes last longer than counterfeits, but the poor construction will also damage the printer over the long term.



In the left hand picture particles of the ribbon base coating have stuck to the protection layer. As they build up they will carbonate, reducing the print tone making the printed image greyer. These carbonated particles are very difficult to remove with commercially available cleaners. To maintain print quality it is necessary to increase the tone settings. These carbonated particles also retain heat which eventually will build up during printing and will crack the protection layer as shown on the right.



In the left hand picture a pin hole can be seen in the protection layer. This is caused by a discharge of static electricity that has built up in the ribbon. These pin holes do not in themselves affect the print quality but can allow harmful chemical elements in the ribbon to permeate the protection layer. The right hand picture shows that print head elements have been discoloured. This is a corrosion caused by those harmful chemical elements in the ribbon permeating the protection layer. This corrosion excessively raises the resistance of the element to the point where it will not function.

Many people will argue that original branded consumables are more expensive than the alternatives. And the reason for that is plain and simple: quality. The cost of a printer can never be judged on the cost of consumables and purchase price alone, but must include all the long-term costs — including warranties and the lifetime service of the machine (see Total Cost Ownership calculator further in this document).

When these costs are all calculated into the total cost of ownership over the life of the printer, cheap consumables can turn into an expensive long-term error.

> TRUST THE THERMAL PRINTING EXPERTS

TOSHIBA branded consumables are designed and manufactured to work in conjunction with the TOSHIBA printer range and the different printing technologies they use. They enhance the overall print quality and offer the best possible results whilst causing minimum wear on the working parts – in particular extending the lifecycle of the printer head.

Are your Consumables Fresh?

Compatible consumables are bought and sold more than once when they start their lifecycle, shipped half way across the globe and have slit and finished products handled by small slitting companies before they finally reach the reseller channels. Therefore, the age of the product is quite often unknown, reducing its shelf life and importantly, its overall quality.

Part of our approval process is that all ribbon products supplied by TOSHIBA TEC are made to order. This ensures fresh product is supplied at all times. This quality control also guarantee maximum shelf life for products shipped to VARs and end users.

Our commitment to ensure a one-stop shop for all ribbon needs has made TOSHIBA TEC the biggest thermal transfer ribbon specialist in Europe.

And there is a good reason for that:

- Our partnership with the largest ribbon manufacturers in the world ensures total compatibility and performance for every particular printer requirement.
- We approve only the finished product that has been produced to consistent and repeatable Quality Standards.
- We life test the approved ribbon to protect the customer's investment and secure his TCO.
- We supply a huge range of grades and sizes (more than 1000 articles): the result of years of R&D, with each ribbon we offer different print characteristics, including the colour ribbon range.
- We are not here today and gone tomorrow: TOSHIBA TEC adheres to Japanese management principles that strategically aim at long-term customer relationships thanks to a continuous Six Sigma strategy, incorporating a strong Voice of the Customer program.
- We want the very best mix for the customer i.e. hardware durability, printed image consistency, value for money.

> TOTAL COST OF OWNERSHIP

The TCO formula represents acquisition price of the printer plus the costs of warranty and consumables as a function of usage and time.

TCO Formula

$$\begin{aligned} & \text{TCO (Usage + Time)} \\ & = \\ & \text{Printer Cost + Warranty Cost + Cost of Consumables} \end{aligned}$$



Where:

The printer cost is the device cost provided by the vendor plus associated costs (e.g. delivery). The warranty cost is the cost associated with the potential vendor-agency agreement. These costs would include any extended warranty arrangements, services agreements, and maintenance agreements.

The cost of consumables is all other costs associated with the printer purchase and ongoing usage. Consumables include such items as ribbons, labels, heads, platens, and supplies not covered by warranty.

Cost computation of consumables is based on total prints per month multiplied by the total number of months included in the useful life indicated for the particular printer.

If the agency specific agreements have additional assumptions, they should be added to the calculation to reflect accurate information.

Important note: TOSHIBA TEC provide warranty cover for everything we supply!

> KEEP PACE WITH CHANGE

With Europe's largest selection of Consumables, you can choose those consumables that best meet your organisation's specific needs—with the option to add more consumables over time as your requirements evolve.

Rather than forcing a pre-defined process on your organisation due to service constraints, TOSHIBA TEC adapts and tailors your specific integrated services to fit your unique requirements. Taking into consideration your existing business processes and diverse printer operations, TOSHIBA TEC suggests best practices and designs a flexible, comprehensive solution that will meet your immediate and future needs.

We and our partners have extensive experience in helping clients manage change resulting from a broad range of businesses including transportation & logistics, the pharmaceutical industry, engineering and construction, aerospace, retail and more. As your requirements change, TOSHIBA TEC can readily update your solution to keep your services current, your costs low, and help you keep your customers satisfied.



> MONOZUKURI

Strength of Monozukuri

Our Six Sigma driven business-process methodology is the very foundation of Monozukuri.

This in turn translates in next-generation POS technologies and products that are derived from our Six Sigma driven methodology. Therefore it is no real surprise that TOSHIBA TEC has been for decades and continues to be the world's leading POS systems manufacturer.

Design for Six Sigma (DFSS) is the smart way to manufacturing. DFSS seeks to avoid manufacturing process problems by using advanced Voice of the Customer techniques and proper systems engineering techniques to avoid process problems at the outset. When combined, these methods obtain the proper needs of the customer, and derive engineering system parameter requirements that increase product and service effectiveness in the eyes of the customer. This yields products and services that provide greater customer satisfaction and increased market share.

Product-related elements such as price, design, brand influence, service, performance/function and cost are, so to speak, tangible forms of competitiveness and customers have a direct understanding of these factors.

In contrast, intangible elements related to performance at the development and the production sites, cannot be readily perceived by the customer. These factors include the productivity of the production processes, the production costs, and the defect rate, time taken for development, development productivity and the time to market. Tangible competitiveness and intangible competitiveness are mutually supporting each other. Both create the framework of a successful monozukuri system that produces world-class products 'made in Japan'.

The organisational capability of monozukuri involves integration, involvement and advancement. There are four main strands that contribute to the strengths of Japanese monozukuri:

1. The fusion of product development and production engineering to have an accurate understanding of the design method and to shorten the development period
2. Product reliability and consistency are guaranteed as components from suppliers are delivered with guaranteed functionalities



3. Ever-improving quality of work generates a highly effective and efficient production system (use of Just-In-Time, Kanban system)
4. As a result, a Japanese production system is streamlined to have the shortest possible production line on the one hand; on the other, traditionally, TOSHIBA TEC's management is based on respect for personnel as represented by lifetime employment for example with an increasing tendency for staff to acquire multiple skills.

TOSHIBA TEC's competitiveness in monozukuri depends on its organisational capability. This consists of each individual's abilities put to the best use; yet these can only be used in optima forma with these individuals really belonging to the organisation.



> ABOUT THE AUTHOR



Michael Keane, European Manager, Identification and Printing Division. Mike started as Field Service Engineer with TOSHIBA TEC UK in 1989. In 1991, he moved over to the Barcode Printer organisation to take on responsibility as technical support manager.

During the next seven years, he worked in various positions and as his area of responsibilities gradually grew he was appointed senior technical support manager and then UK Product Manager for barcode printing products. In 1998 Mike was selected to create a consolidated European barcode product strategy and with the establishment of a pan-European consolidated company in 2000 in Brussels, he transferred to Belgium.

In 2006 Mike left the mainly technical aspects of product management to take on strategic responsibility for the company's printer business in the EMEA region.

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