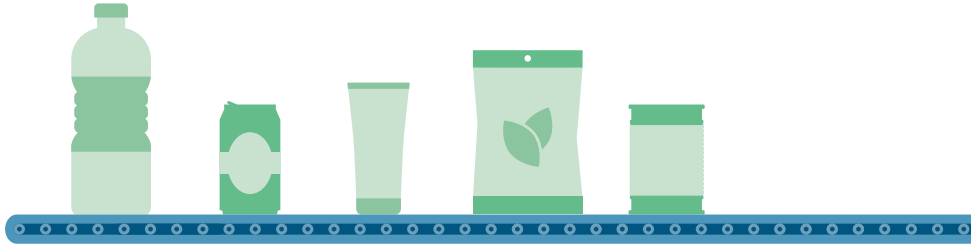
Your guide to leasing printing technology

You may be considering the need to upgrade or purchase new packaging machinery, such as printers - a challenging decision when access to capital funds can be limited.

Operational leases are increasingly in demand, allowing engineering and production to drive manufacturing improvements, as well as cost savings.

Our guide will help you to understand more about why operating leases are on the rise and how this, coupled with the latest printing technology, can help you reduce the risk of lost production.



Domino. Do more.

Challenges facing manufacturers today

2008 – The fall

The years following the economic crisis in 2008, have served as a catalyst for a growing trend in the packaging and processing machinery industry – operational leases.

This initial period saw manufacturers under heavy threat through lack of consumer demand, unemployment, negativity and overall uncertainty. Capital funds dried up and investment was frozen or lost.

Present - Cautious optimism

The recovery since has witnessed greater positivity, continuing technological innovation and return to growth in mature markets such as the United Kingdom.

However, fluidity in funds available to operations, engineering and production has not necessarily returned hand in hand with this more cautiously optimistic economic outlook.

With leaner manufacturing in place, in conflict with ever increasing stakeholder and economic demands, the necessity for more reliable, cost-effective and added-value packaging and processing technology grows.

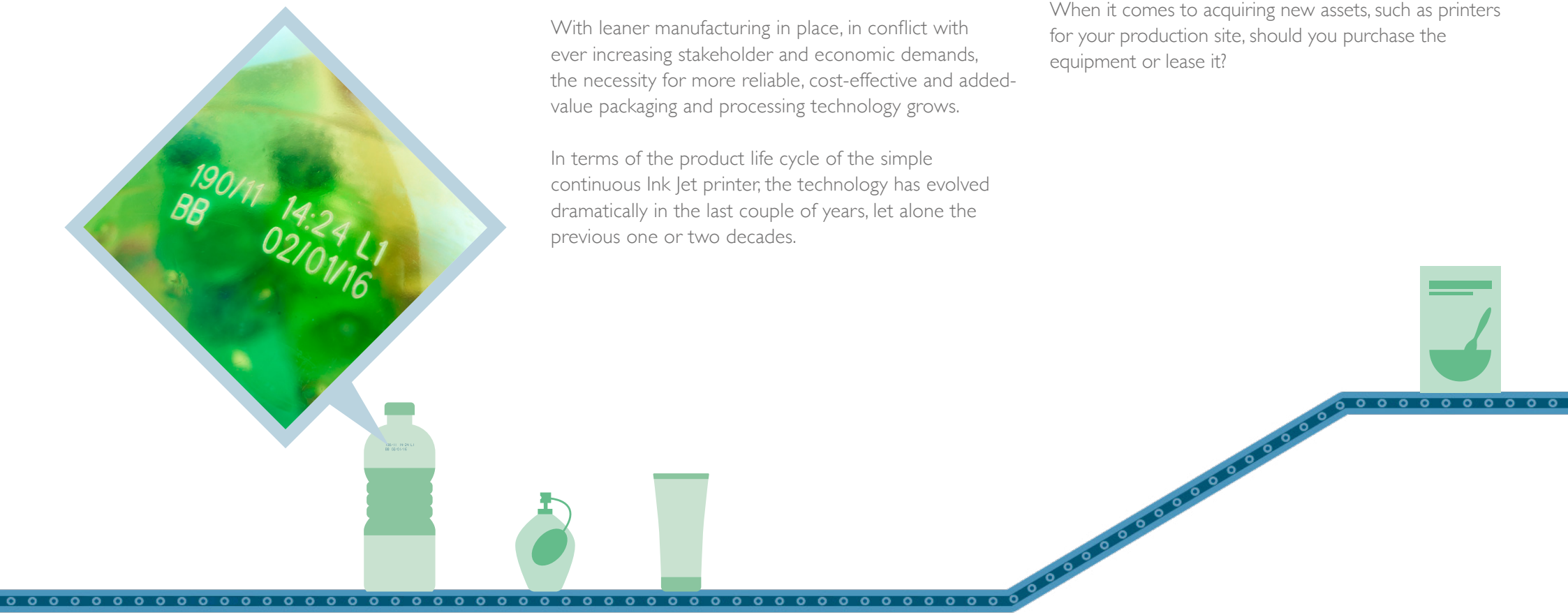
In terms of the product life cycle of the simple continuous Ink Jet printer, the technology has evolved dramatically in the last couple of years, let alone the previous one or two decades.

To lease or not to lease?

Companies may be trying to satisfy 2015 sales, profits and growth targets (driven by the key role of the production teams), very often using inefficient and obsolete technology from an era when internet was still accessed through a dial-up telephone line.

Which leaves manufacturers with a dilemma...

When it comes to acquiring new assets, such as printers for your production site, should you purchase the equipment or lease it?



Understanding the role of coding

Continuous improvements

For those with much older assets in place, the next level of efficiency improvement is gained through implementation of 'newer' technology; delivering simplification, standardisation and efficiency, resulting in dramatic improvements in Total Cost of Operation/ ownership (TCO). Leasing provides a realistic mechanism to activate the advantages of integrating new equipment for maximum benefit to your production lines.

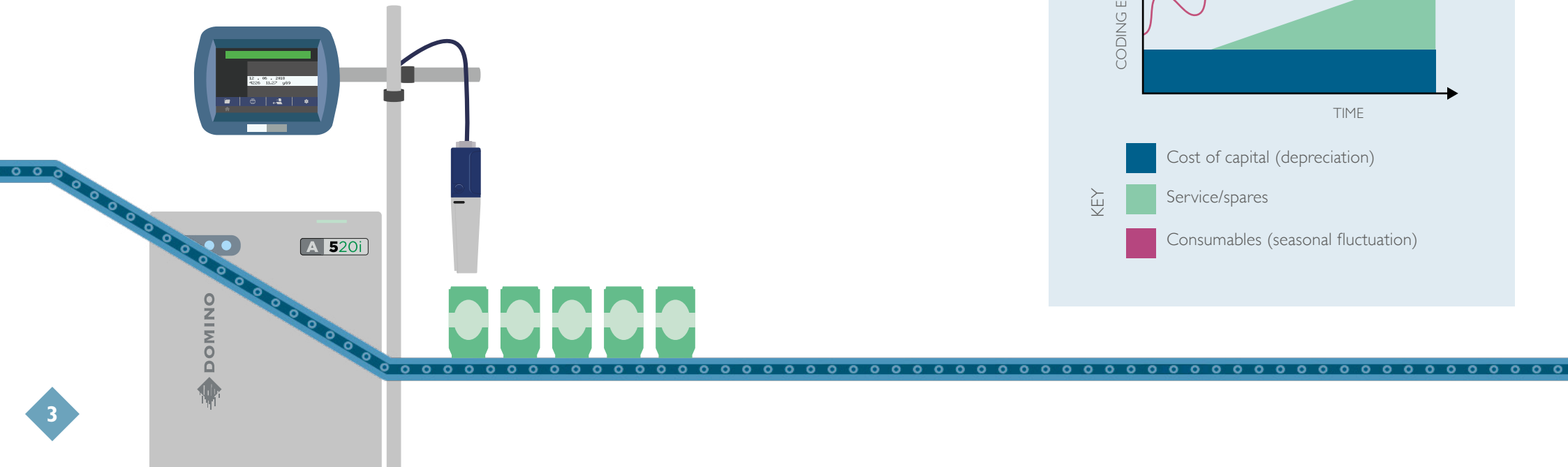
Your printing equipment is no different.

In reference to a study in the manufacturing sector by the Equipment Leasing and Finance Association, two very relevant considerations emerge: ageing of equipment and replacement needs will remain the main driver of new equipment acquisition. This results in organisations seeking ways to cut costs and increase operational efficiencies, through technology innovations. More manufacturers are justifying new efficient coders based on a TCO savings comparison. The cost of using older technology increases with time, becoming a false economy.

Barriers to change

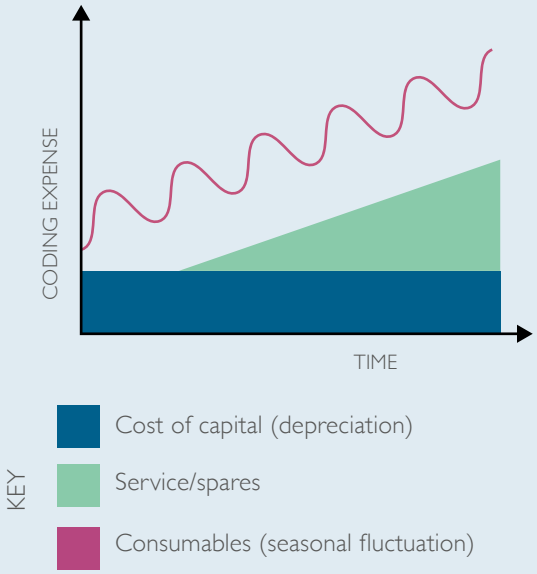
In general, factors such as employees, equipment operation and the general overhead for maintaining the production facility are common components that are included in determining overall manufacturing costs.

In the past this may have been deemed irrelevant, however there is an increasing emphasis to incorporate the costs associated with coding and printing systems. Manufacturers of consumer packaged goods continue to run older printer systems on their production lines for a myriad of reasons.



Typical responses for retaining these older coders include the following:

- A lack of capital budget to replace the old coders
- The coders are on the books and have not yet been fully depreciated (Some coding depreciation schedules are as long as 15 years)
- Current coders work and are easy to fix (an area prone to misinterpretation and ambiguity)



A manufacturer's perspective

Can I reduce costs if I replace my old coding system?

Yes.

More customers are justifying new efficient coders based on a TCO savings comparison. This scenario is similar to a car analogy. Consider having to replace a 10 year old vehicle. Not only does a new car offer more capabilities, but it is more affordable.

Factoring in the spending comparison per year on the older car repairs and petrol compared to the new car's 'Total Cost of Operation', the rationale certainly validates the purchase of a new car.

This scenario is largely true with coding and marking equipment as well.

Real life example

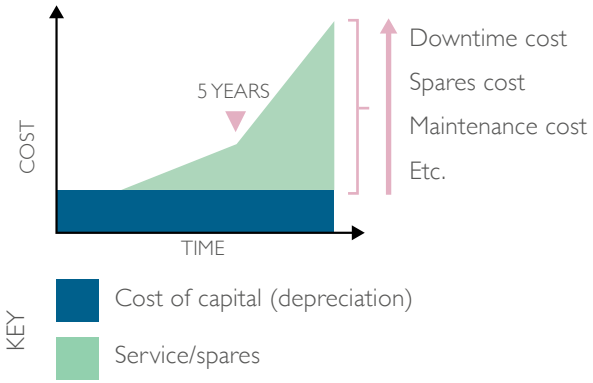
At a major beverage manufacturer, the cost of running the latest Domino A-Series ink jet printing on a high speed canning line was captured to compare with the old.

On the right is a visual summary of the analysis. Add to this the cost of ink or makeup incurred for the life of a continuous ink jet printer.

The Domino A-Series *intelligent Technology* ink/solvent management (**i-Tech**) featuring a truly do-it-yourself, quick change consumable module (**i-Tech Module**), offers the lowest total running cost due to its low makeup consumption. As the makeup typically lasts four times longer than any other printer in its class and has the lowest cost of maintenance. Changeovers can be done by any competent person and in less than 10 minutes.

The combination of these latest technological developments by Domino (with accurate financial and production measurements) provides a powerful comparison against existing and more expensive modes of operation.

OLDER CODING EQUIPMENT IS **COSTING** YOU MORE THAN YOU THINK



ANNUAL SAVINGS

(Planned maintenance labour only)

Old printers (Serviced by your contractor)	New printers (Serviced by you)
4 hours	10 minutes
Planned maintenance time per year per printer	
£600	£3
If your contractor cost is £150 per hour	If your labour cost is £18 per hour
£6000	£30
Maintenance labour with 10 printers in production	

Domino's printer leasing solutions

The Domino **Relax** operating lease improves efficiency, simplifies your date, lot and bar code requirements by providing a comprehensive coding solution.

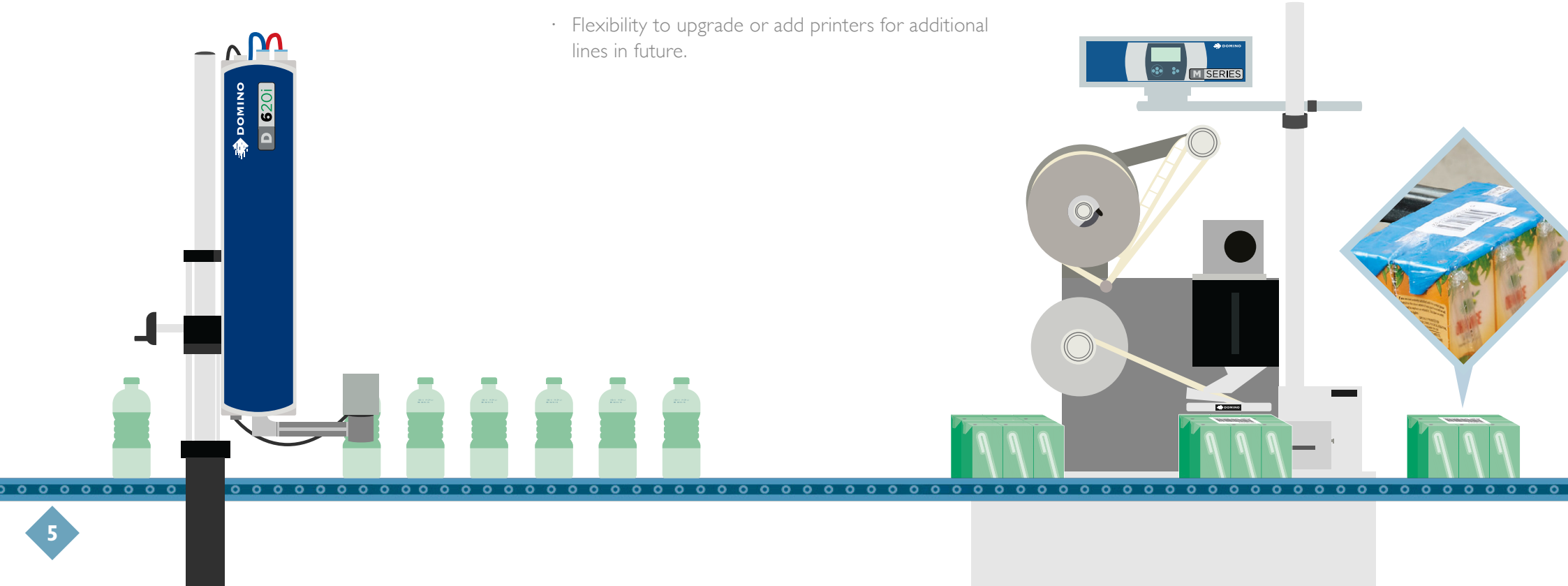
Just select from brand new equipment, service, training and full multi-year warranties bundled into fixed monthly payments.

The Domino **Relax** programme is an operating lease that allows you to make fixed monthly payments from your production budget.

Basically, use the funds that you were paying to keep old inefficient equipment in production to pay for new equipment!

Make this all inclusive solution a part of your Strategic Business Plan:

- Fleet of new printers and accessories.
- Operating lease of equipment.
- 5 year extended warranty covering all service and spares.
- Option to include all consumables in the lease cost.
- Monthly or quarterly payments to make budget planning easy.
- Line optimisation.
- You select the Domino products that you want to include.
- Flexibility to upgrade or add printers for additional lines in future.
- You receive consumables exactly when you need them.
- Match manufacturing demands with easily modified automatic deliveries, without additional purchase orders.
- Your coding systems are maintained and downtime is minimised.
- Can include spare parts, regular service visits, emergency call-outs and telephone support.
- You can use **Relax** to manage staff training.



Lack of depreciation

Typically the lease period can range from 3 to 5 years. This agreement enables you to lease the printers over a 3 or 5-year period.

As they are operational leases they will not appear on your asset register and will not be subject to any depreciation over this period. It will also give the added benefit of future proofing you for developments in printing technology in the future.

Pay per code

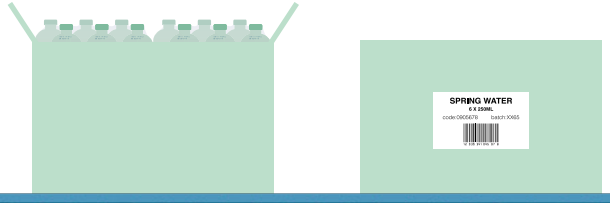
This finance lease allows customers to allocate a cost to their printer, contract and consumables per print they make – this allows a manufacturer to associate a cost with every product they produce.

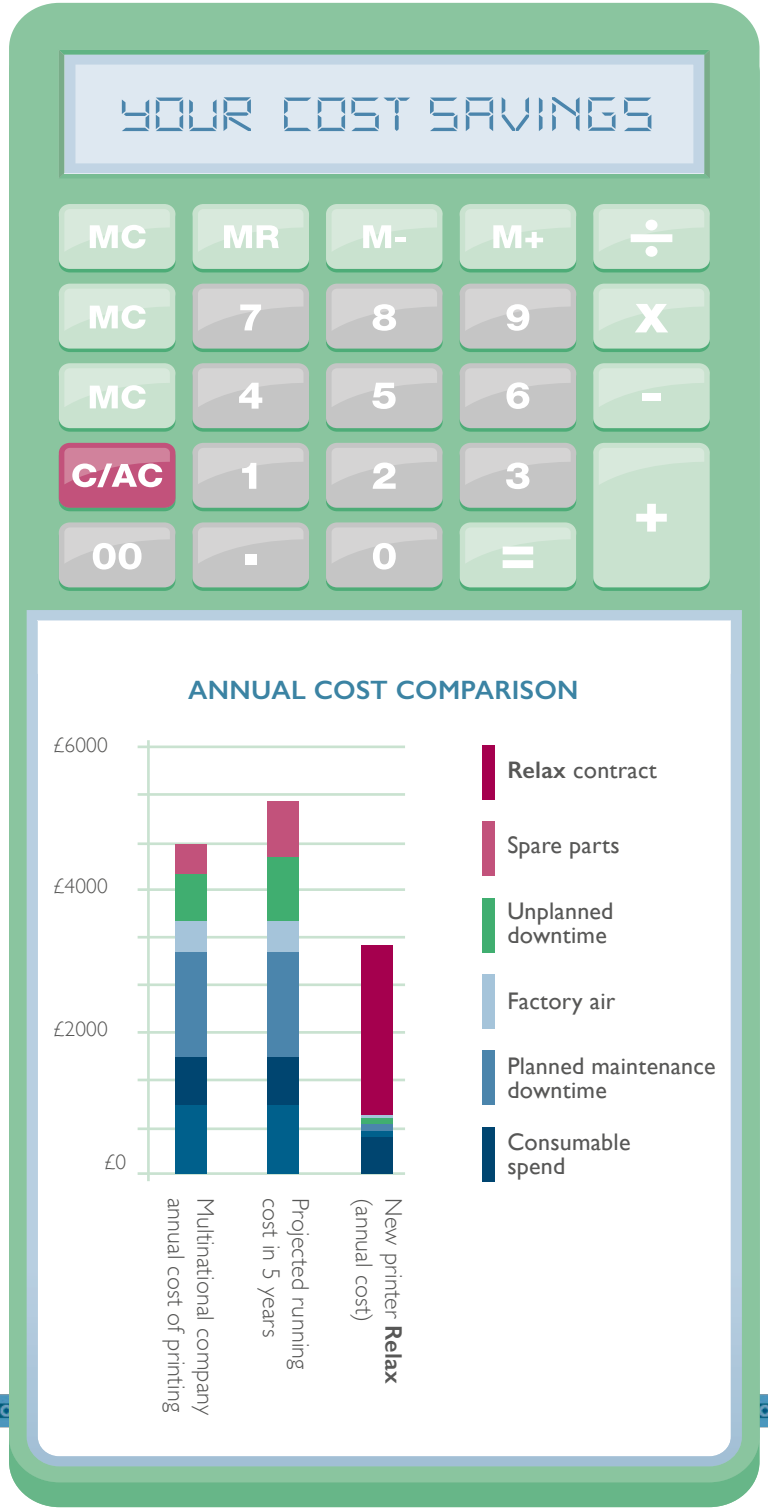
Commonly customers calculate cost to manufacture based on tonnage. This method of leasing (Pay Per Code) lends itself well to a Cost Per Ton.

If a manufacturer has seasonal peaks to production, they only pay as printing consumables (such as inks or ribbon) are being utilised as part of production.

RELAX PROGRAMME: 4 EASY STEPS

1. Meet with a Domino representative to discuss the best option for your business
2. Domino will deliver and install all the new equipment
3. Domino will pro-actively handle all of the support and even equipment upgrades
4. **Relax**. Easy monthly payment, predictable costs and efficient coding takes care of it all





Summary

Manufacturing, and even society at large, finds itself in overburdened and challenging times.

Whilst economic growth has returned in certain areas, an era of straightforward capital investments is no longer the norm.

Increasingly, engineering and production teams involved in making food, beverage, medicines and fast moving consumer goods need to make difficult and complex decisions.

On the one hand resources are positioned to maximise efficiencies, profits and manage risk carefully. Whilst on the other hand, stakeholders want a greater return on their investments, safer products, user-friendly packaging, brand loyalty and to minimise the negative impacts on our precious planet.

Operational leasing of packaging equipment (including printers) has emerged as a catalyst to satisfy some of the market challenges above.

Older printing technology designed for different times, can now be replaced with the latest technology.

By covering every aspect of ownership from service and training, to technical support and consumables via leasing, Domino customers will have complete peace of mind whilst saving on costs at the same time.

Contact us

For further information, please get in touch.

Domino UK Ltd
Telephone: (+44) 0 1954 782 056
Email: enquiries@domino-uk.com
Website: www.domino-printing.com

Domino. Do more.