

# ADJUSTING TO THE NEW NORM

IN AN EXCLUSIVE INTERVIEW, MANROLAND SHEET FED CEO RAFAEL PEÑUELA SPOKE WITH NICK COOMBS ABOUT THE CHALLENGES OF DOING BUSINESS IN THE COVID-19 ERA.

**NC** How has the coronavirus pandemic affected Manroland Sheet Fed?

**RP** I think it's fair to say that it took us and just about everyone else by surprise! We saw early signs of the virus and its effects around the end of 2019, but nobody expected the pandemic to hit so fast or be so global.

Our first reaction was to protect our staff and secure our supply chain, which we managed to do working in close cooperation with our suppliers to maintain deliveries and optimise our stock. We had to get accustomed very quickly to tele-working, social distancing and all sorts of hygiene protocols that a few weeks earlier would have been unimaginable.

**NC** What steps have you been able to take to soften the blow?

**RP** As an international company we had to adapt not only our German factory and Headquarters but more than 40 subsidiaries to the pandemic and its economic consequences. In many countries special measures have been taken by Governments to support industry and workers and wherever needed, we have made use of short-time working, furlough and similar measures to initiate a cost-saving programme across our organisation.

What we do not want to do is any kind of restructuring because we know we will need our highly specialised staff for the time after the pandemic has subsided. We already run a lean operation that allows us to face the current circumstances without

Rafael Penuela is CEO of Manroland Sheet Fed.

destroying jobs or reduce our customer offering. And it's good to know that our shareholder, Anthony Langley, stated very clearly at the beginning of the pandemic that he is prepared to support all his divisions during these difficult times. This sends out a strong message of confidence to the market.

**NC This must have had a serious impact on customer support – how have you coped?**

**RP** Yes, it most certainly has! But we have managed to secure support through our worldwide network of Manroland offices and those of our independent sales and service partners. We made sure that everyone was covered. What helped enormously was the fact that our presses are equipped with 'Telepresence', which allows us to offer online diagnostic and support in the event of failures or breakdowns. It's the next best thing to being able to get a technician onsite – and is quicker and often just as effective, so a useful pointer for the future.

**NC How has the pandemic affected demand for sheet fed offset presses?**

**RP** There is no question that it has seen a downturn – and the reasons behind it are obvious. Many printing houses were severely affected by lockdown, both in terms of falling demand for printed product and also issues with staffing levels that affected shift patterns. It all had a knock-on effect on us as a press manufacturer.

Fortunately for Manroland, the last few months of 2019 and the first two months of 2020 were record-breaking for our new machinery order intake. Because of that, our factory loading was higher than in the previous year up to June. Now, in the second half of this year, we are facing the consequences of the worldwide lack of demand for new machinery and are prepared for a longer period of reduced business volumes. This is not unique to Manroland, it's universal.

**NC Which sectors have been worst hit, and which have seen growth?**

**RP** The commercial sector has seen demand for printed products fall sharply. This sector has been under pressure for some time, partly from the effect of the internet and partly from the drift to shorter run work that has seen particularly small format offset lose out to digital technology.

The winners have been those companies involved with food and pharmaceutical packaging. With the closure during lockdown of all places to eat and drink away from home, the demand for printed packaging through the supermarket chains took an overnight leap, with volumes up by 30% or more. It really does depend on which markets your business is based that determines how you've been affected. There has also been a notable growth in demand for cartonboard as opposed to some plastic packaging as environmental considerations become more important to the general public. This is a good sign for us and one we hope will be sustained.

**NC How do you assess the current global market for sheet fed presses?**

**RP** Many investments are on hold owing to the uncertainty of the economic situation, which I believe will continue for the foreseeable future. But we are already seeing some adaptation to the new market circumstances because many companies are aware that Covid-19 will stay with us for some time. In the meantime, we have to continue business on a new scale, whether larger or smaller, and continue investing in capital goods, processes and marketing.

This includes sheetfed offset presses, which are often and mistakenly referred to as 'old conventional print technology', but which are in fact state of the art when it comes to paper and board industrial printing. The process still offers the best in print quality and enhancement possibilities for short, medium and long runs, and most important of all, the best cost per copy. The technology is there – it's just that the global demand isn't right now!



R700 EVO presses being manufactured.





Sideframe manufacture and assembly at the Offenbach plant.

**NC** You mentioned state of the art technology – what's driving the demand for all this innovation?

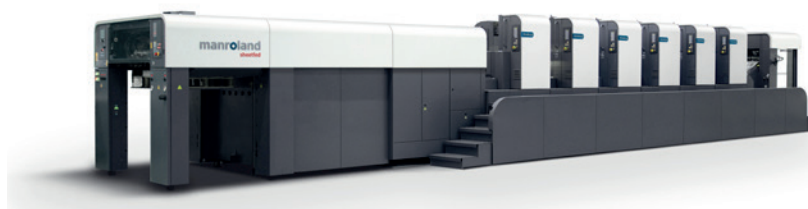
**RP** To put it simply, 'technology serves sustainable profitability!' For the past decade or so our industry has been facing a lack of demand on both the supplier and customer side. The market self-regulates this mainly by applying pressure on costs and prices, unless you are fortunate enough to find some kind of differentiation or USP. That's how our economy works.

New technology is the way of responding to this situation with the productivity of presses seeing a constant improvement. They are wider and faster, offer quicker job changes, more inline solutions and coupled with lower energy consumption, waste reduction and digital integration, present a whole new aspect to technology that allows printing companies to reduce costs and remain competitive.

**NC** I asked about new technology because you've chosen to launch a new press at a difficult time.

**RP** Yes, we have. But our new Manroland 900 EVO has been developed in response to both market demand for larger sheet sizes and a quest for higher production speeds. Incredibly, we've been able to develop

its new platform in just two years based on the success of our R700 EVO series in the medium format sector, which has been very successful for us and highly appreciated by those customers who have installed them.



R700 EVO Lite – one of three new models in the R700 EVO range.



R906 EVO LTTV – schematic of a 6-colour press fitted with two drying units between the two coaters.



The new R900 EVO is based on the technology that has made the R700 EVO so popular with carton printers.

**NC** What are the features, advantages and benefits of the R900 EVO?

**RP** First of all, we've drawn on our vast experience of sheet fed technology that we've accumulated over the years and is still acknowledged worldwide. Manroland products have always had a reputation for being top quality from design to manufacture and operation and we wanted to ensure that the new press met and raised the benchmark.

Essentially, we've increased the sheet size from 142cm to 145cm to accommodate the increased use of this format in the packaging sector and raised the production speed to 16,500 sheets/hour. All plate changing is carried out simultaneously to reduce make-ready/ changeover times and it has the capability of non-stop feed and delivery both with and without logistics. The new control system is more intuitive for interfacing with handling digital data and connectivity to other processes and there are integrated maintenance functions embedded in our ProServe concept.

**NC** What are your target markets for the R900 EVO and have you been successful hitting them?

**RP** Size 6 is a typical size for large format board printers and the new R900 EVO fits in well with all aspects,

such as substrates from light board up to corrugated, conventional and UV coatings, including a double coater facility, logistics and so on – in fact, everything the board market asked us for. And it's been well received, with the first machines already delivered as so-called pilot presses. A couple of others are currently in production and will be shipped before the year-end. We are also involved with negotiating interesting projects in Poland, Italy, Germany, Czech, USA,

Mexico, Brazil and some are already in advanced states of conclusion.

**NC** Looking ahead, what does the future hold for sheet fed offset?

**RP** Digitalisation already plays an important role in the printing industry. If we look back over the past decades we see many processes that have literally disappeared while newcomers have taken their place – prepress-data integration, the integration of production data in ERP systems to control stocks, finished goods, procurement, cost and price calculations. All these are now well known but are not being implemented everywhere. A few are integrating customer orders into the daily production planning (e.g. web to print) and I see more to come in this regard. It's not so much the presses themselves as the integration of surrounding technology that will define sheet fed offset's future.

**NC** How will Manroland respond to the changing market requirements?

**RP** Adapting to the market is key in all industries. The new R900 EVO

## Both Feeder and Delivery are available with fully automatic pallet logistics.



is a response to changing market requirements. But it's not only about machines. The productivity of a press needs to be maintained for a longer period of time – I would say for even longer than some years ago.

This requires constant customer support via after-sales to ensure the best usage and highest productivity of all capital goods. Maintenance contracts with preventative content, production analysis, performance programmes including operator training, retrofits to respond to changing demands during the lifetime of a machine – all of these are important tools to support our customers during 7, 8, 9 or 12 years before their press is replaced.

**NC** Do you see digital technology as a serious threat in the offset market sector?

**RP** I firmly believe that digital

print has for many years been a great solution when it comes to personalisation and extremely short runs of say below 100 copies – but the demand for this type of print work is apparently not growing as fast as predicted. Nevertheless, this technology is an important complement to offset print and it has its place in the printing industry. I have never seen digital print as a threat to offset for the main reason that cost per copy is too high. When it comes to industrial volumes, even small ones, offset quality and inline enhancements, combined with the lowest price per copy will always win.

**NC** Finally, how do you see the future of trade fairs in the print industry?

**RP** Honestly speaking, even before the Covid pandemic, trade fairs had lost most the role they had enjoyed

in the 20th Century. Just look at the number of national shows that have disappeared. Nearly every country in Europe had one – IPEX in the UK, GEC in Italy, TPG in France and so on around the world.

I believe this trend will continue and is being accelerated by Covid. But, I believe it's still important to have a common platform for the printing industry to meet customers and present technology. Our print community is now so diverse and offers such a wide range of technology and solutions that it is worthwhile to bring all those aspects to one place at the same time and present to printers and print buyers the endless possibilities that printed products offer. We should celebrate being a crucial and sometimes essential component of our society – and I for one am proud to represent Manroland Sheet Fed as part of this industry. ■