

IN-DEPTH STUDY: ORIS PRESS MATCHER // WEB AND  
ORIS COLOR TUNER // WEB AT KATZ GROUP | WEISENBACH, GERMANY

# »ORIS CASE STUDY«



Daniel Bitton | CEO Katz Group

Kai Furler | CEO Koehler Paper Group

## HOW THE SAD STORY OF AN INSOLVENT GLOBAL MARKET LEADER WITH 70 % MARKET SHARE TURNED INTO AN ECONOMIC FAIRYTALE OF SUCCESS.

**Since 1903 Katz in Weisenbach, Germany produces beer coasters. Nowadays up to 15 million, daily. After ten years of mismanagement, the company fought for survival just one year ago. Today it is making money again and has set its sights on new markets. ORIS color management is a crucial part of the strategy for success.**

The Murg creek near Weisenbach, which usually runs gently through the tranquil Black forest valley, is a raging river these days in January. Further downstream, the creek is canalized and provides the water the paper and cardboard production factories located there need for production. During the season, mainly tourists visit Weisenbach, with its population of a mere 2,500. Apart from the original landscape, the award-winning little town attracts visitors with its tastefully restored timbered houses and romantic spots and corners. Weisenbach is also closely affiliated with paper manufacturing. Once it was the home of E. Holtzmann & Cie. AG, one of the biggest Germany paper mills, until it was largely closed down, after it had been sold to the Finnish Enso Oy Group. The last remaining production site was soon after sold to Arques Industries AG, a notorious financial investor, to be permanently closed in 2008 by yet another strategic investment company. Katz has been spared a similar fate. Many employees live in Weisenbach and often work in the company since twenty years or more. They are proud of their company and its global market leadership; after all over 70 % of all beer coasters used globally are produced here. In the US, it is an incredible 97 % used as an advertising medium on American bar counters. This sounds like a lot and it is in fact for a small traditional company from the German Black forest, whose roots date back to the early

18th Century. A lucrative business, you may think. Yet the decline began with the involvement of financial investors more than ten years ago and nearly ended in disaster. It is the typical story of a company, which was directly led into a crisis by highly-paid managers, hired by the owner. Instead of repositioning the company strategically, winning new customer groups and investing in modern technology, they were preoccupied with themselves and did not show an understanding for the market. In the end, there was a near-catastrophe. The then appointed CEO did not recognize the sign of the times and was still dreaming of a revolution on the bar counter, despite markets, which had gradually changed over the years. The beer consumption has been steadily declining and less and less coasters are needed. In addition, beer producers nowadays have many advertising alternatives.

# »ENERGY EFFICIENCY AND SUSTAINABILITY«



The production of coasters is a business defined by margins with two zeros behind the decimal point. Only businesses with a fully automated production and the latest machinery can be successful. The investors however, neglected the necessary investments for years.

That this negative situation turned into a success story in the end, was due to several fortunate circumstances, but primarily to the farsightedness of the key people involved. This was the case with the appointed insolvency administrator, who had already helped more than one of the regional paper mills back on their feet again in the past. He had the necessary expertise to not only negotiate with anonymous financial investors, but with a company that had a strategic interest and saw the potential of Katz. Kai Furler, CEO of the Koehler Paper Group and a member of the Koehler family in the 8<sup>th</sup> generation, says: "The company was in a precarious condition; above all, the former management lacked a future-oriented strategy and neglected the necessary investments since years. However, we saw the market share and immediately saw the potential. Katz and Koehler that's a perfect combination!" The Koehler Paper Group is world market leader in the area of thermal and carbonless paper and, since many years, stands out by innovative solutions in the production of fine and décor papers. Furthermore, the Koehler Paper Group produces under the well-known brand of 'Eulerpapiere'. So it is no wonder that the company prevailed against seventy other parties interested in a take-over. Yet, to bring the firm back into operation, an initial three million euros had to be invested. At this point, another fortunate coincidence came into play. Already beforehand, Daniel Bitton was won over as operative CEO of the reinvigorated company. Bitton, who internationally worked for several leading paper manufacturers in different management positions, knows the printing industry; above all, he knows how to manage a turnaround. With the new owners fully behind him, he began to maintain what was good, but nevertheless radically restructure the company. For a start, he had to make sure that the employees and the workers' council would support the necessary changes. With his calm and convincing personality, this was not too difficult, and soon after everyone in the company noticed things were moving. Standing by him was a new management team of motivated young employees, entirely recruited from within the company. "Particularly with these employees you feel an euphoric mood. We have a very strong team, which still wants to achieve



something in the future", says Bitton. "Of course it wasn't always an easy time, but we have already achieved a lot." Ten months after the take-over, the company was already making money again. At the same time, the budget provided by the parent group was invested and used to modernize the production equipment. Particular emphasis was put on energy efficiency and sustainability in production.

**"MAINTAIN WHAT'S GOOD,  
BUT RESTRUCTURE RADICALLY"**



As a proof to Bitton's farsightedness, there are now three additional equal divisions, apart from the classic production of beer coasters: 'Creative', 'Industrial' and 'POS/Boards'. "Of course we make coasters too; these are great products, which still have a major development potential, but our core competence is wood pulp board, a fantastic material, universally usable, cheap and completely biodegradable. As raw materials we only use fresh spruce and fir from local forestry, which we process ourselves in accordance with strict guidelines. The raw material is so valuable that we even re-import the cutting waste of our American printing operations and process it here again. Waste board, like it is used by other manufacturers, does not give the same volume. Even in printing, we consequently observe ecological sustainability. Our printing inks only contain vegetable oils, making them, in combination with our ISEGA-certified board, ideally suitable for the production of food packagings. By now, we have for instance a hundred percent market share with the production of cardboard boxes for cheese."



**"WE CONSEQUENTLY OBSERVE ECOLOGICAL SUSTAINABILITY IN PRINTING. OUR PRINTING INKS ONLY CONTAIN VEGETABLE OILS."**



Apart from the 'Industrial' division, which primarily refers to products like sound insulation board, or material used in the automotive industry, it are the 'Creative' and 'POS/Boards' divisions, which are supposed to account for 50 % of the revenue in the long term. Successfully extending the core business beyond the production of coasters has helped in the decision to boost production. In the future, Katz will be able to do without purchasing additional wood pulp board. "For 2012 we plan a production volume of 25,000 tons. At the same time we plan to increase the revenue to 50.4 million Euros. The year 2010 we completed with 42.5 million and 5 million growth", reports Bitton, and thereupon invites the visitor on a tour.

Outside in the courtyard trucks loaded with logs from the area arrive by the minute. These are then debarked in huge drums (the bark is given away locally as bark mulch), and transported on conveyor belts to the crushing machine. The unsuspecting visitor, following the path of the logs via steep steel stairs and passage ways, surrounded by infernal noise, cannot help but be thoroughly impressed by the powerful machinery. From there you proceed to the basement, where the hot and humid air carries the intensive smell of resin and fresh wood. Here, wood chips and water is turned into pulp in huge blenders, from which the wood pulp board for various applications is made in several subsequent process stages.



In the quality laboratory it is much quieter. Away from the noise and bustling production floor, samples from the running production are continuously collected and subjected to an intensive quality control, using the latest measuring devices.

Before visitors finally reach the press room where two large-format five-color KBA presses, specifically modified and recently thoroughly overhauled, are running, they get to the pre-press and digital printing department.



Here, the investments made during the last couple of months are particularly catching the eye. Until recently a film imagesetter and a step-and-repeat machine were used, causing tremendous cost. Thanks to a fully automatic Screen CTP unit the cost for producing 10,000 plates per year was more than cut in half. Today only four employees run the entire pre-press operation, cooperating closely with the creative department. Right from the beginning, Bitton completely relied on the CGS project team to devise and implement the complex workflow and central color management, which also specified and closely supervised the digital printing operation. "Our design, pre-press and digital printing departments are strategically very important for us. The creative services give our customers an enormous added value. One of the key elements, as in digital printing, is the ORIS color management. When we reorganized pre-press and printing, we completely switched to PDF format and ISO standards, which we achieve with ORIS at the touch of a button. In the past, we mostly got open files from customers, which were then proof-printed on the press. These press-proofs were not really color accurate, and worse, not repeatable. That is why some large accounts did the color matching directly here at the press, which was very time-consuming and caused immense cost of start-up waste. Three years ago, the company tried to produce proofs on an Epson printer for the first time. However, with the color management software and the proofing paper used, it was neither possible to get the color right, nor get a result closely resembling the original. Now we have made specific profiles with ORIS Color Tuner // Web and are printing absolutely color-accurate proofs on an Epson 4880, directly on the original board. These exactly match the digital as well as the offset printing.

The purchase of the Océ Arizona 250 flatbed printer and the Océ ProCut / Zünd G3 M-2500 Cutter was a strategic investment, significantly differentiating us from the competition. The data is processed with ORIS Press

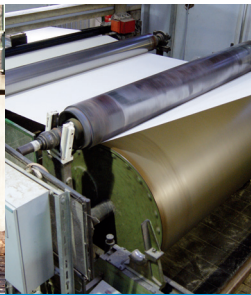
**"WITH THE ORIS WEB APPLICATION, WE HAVE ALL NECESSARY COMPONENTS AT HAND, FROM DATA PREFLIGHTING, TO SOFT PROOFING AND ONLINE PROOF CERTIFICATION."**

Matcher // Web, so we can match any color standard, including possible spot colors, in no time at all. For Business customers, we can for instance print and cut beer coasters for event promotions within a few hours, in quantities, which could not be economically produced conventionally. Digital printing also helps us succeed in the POS area. Wood pulp board is very light-weight and ideally suited for displays. Printed digitally or conventionally, with ORIS we achieve identical results either way, no matter whether one or a thousand are needed. Although we can produce a single copy, we will certainly not establish a web shop for individual clients, as we completely lack the logistics for something like that. We will, however, set-up a web portal, allowing our major accounts to manage their jobs digitally online. With the ORIS web application, we have all necessary components already at hand, from data preflighting, to soft proofing and online proof certification."

For the near future, Katz sees a significant increase in the digital printing activities, which will also create a renaissance of the beer coaster as a classic advertising media. As an example, Katz recently introduced the so-called 'App-Coaster' in cooperation with the agency '11 Prozent Communication', calling it 'Coaster goes Smartphone'. The coaster features a brief description of a Smartphone App on one side, on the other a so-called QR code, which, when scanned with a mobile phone camera, will direct the user straight to a web site, where the application can be downloaded. Scott Treick, product manager at Katz, comments: "There is virtually no limit to this application. Since the digital printing exactly matches offset, we can for instance print a few copies with an individual winning code."



The combination of advanced technology and entrepreneurial vision was a seldom stroke of luck. "Companies producing in lucrative niches for many years, very often lose sight of the overall picture. We have used the opportunity of a fresh start to set the Katz Group up as broadly as possible right from the beginning, thus making it fit for the future", says Kai Furler.



**"NO MATTER WHICH PRODUCTS AND CREATIVE IDEAS WILL BE DEVELOPED IN WEISENBACH IN FUTURE, THE ORIS WORKFLOW WILL ALWAYS MAKE SURE THAT THE OUTCOME CAN BE VERIFIED AND MATCHES COMMON PRINTING STANDARDS AND TOLERANCES."**



THE KATZ GROUP AND MANY MEDIA COMPANIES WORLDWIDE  
RELY ON ORIS PRODUCTS

»PROFESSIONAL SOLUTIONS FOR PROFESSIONAL COLOR«



Established in 1985, CGS Publishing Technologies International GmbH, Hainburg, Germany, is a world leader in color proofing, productivity and production systems for the professional graphics arts market. Headquartered near Frankfurt, CGS also has operations in the Americas, as well as sales and support partners throughout the world. [More information can be found on the CGS website, www.cgs-oris.com](http://www.cgs-oris.com)