

PRODUCT & IMAGE SECURITY

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Eastern Promise

Those of us that may be somewhat depressed by the current economic slowdown should spare a thought for some of our colleagues in newly emerging markets. The difficulties of attracting capital and training labour in order to satisfy a local demand for security related print calls for foresight, ingenuity and acumen to be applied in ways that would impress even the most hardened developed supplier, serving the most demanding of industrial and government customers.

Our Editor takes time to talk with Cezar Cuc of Eltronis, one of the most dynamic speciality security printing houses in Romania and the Balkan Region as a whole.

Two years ago Romania joined the European Economic Community and can already boast the introduction of biometric passports. Ninety percent of the high security print market is closed to private suppliers as the Government owned and operated National Printing Houses¹ have decreed that currency and passports must be produced by The State.

Nevertheless there is a steady market for a wide range of security products that need to be designed to protect against counterfeit and alteration attack as there are in the more developed economies to the west.

The story begins however, well before the acceptance of Romania into the European Union, when some eleven years back an event was organised to promote the opportunities for investment in Romania and the need to encourage a new generation of local entrepreneurs.

This event was attended by a Dutch business named Merison Holding, a company more than 110 years old and having a 9 digit



Holograms are applied to vehicle tax vignettes as a security device - note the mirror number which displays through the windshield

¹The state owns two printing houses, one for general security printing: tax stamps, passports etc. and one only for banknotes



Holograms specially produced for the Francophile Summit

turnover, Eltronis owes its foundation to the benevolent former owner, Mr. Xander van Meerwijk. Cezar Cuc explains: "Xander van Meerwijk has been recognised many times for his achievements and his philanthropic spirit, both in Holland and internationally and I am deeply indebted to him for enriching my career".

Merison partnered in an educational project that was arranged between the two countries and sponsored a business training program for Cezar in Holland, including learning the Dutch language.

"My training involved working in various Merison businesses and during this time I experienced how different departments functioned and contributed to the business as a whole. During the afternoons I attended the Dutch Institute for Marketing courses in Amsterdam and after I qualified I returned to Romania where I became involved in several Dutch investment projects". He continued.

As is often the way with new business start ups, Cezar recognised an opportunity to supply bar coded labels to newly emerging businesses in Romania and initially, with 2,000 euro's of capital, he started Eltronis in a spare room at home.

Working at night and through weekends he

serviced a number of clients who needed thermally produced bar code labels on a local basis. He quickly recognised that bar coded labels had become a fairly common commodity and that more complex and specially adapted products were required by local industry. This led to the introduction of destructible self adhesive seals and a range of labels that were suited to particularly harsh environments being added to the product portfolio.

The first break through for Eltronis came when they received an order for asset protection labels from Coca Cola which was won against stiff competition. Their solution was a high quality and durable label that was subcontracted to a manufacturer in Germany because the specification called for features that were unobtainable locally.

Steadily the Company has built the business through manufacturing security labels and acquiring high specification products for their clients through subcontracting.

"We were able to gain new business from a number of international companies operating in Romania because of our experience with Coca Cola. This in turn led us into the market for holographic security labels when one client requested the product to protect against

counterfeiting". Cezar added.

Today, conventional paper labels account for a small percent of turnover and Eltronis is the only indigenous supplier focused exclusively on speciality and security labels in the region.

They have continually reinvested available funds and have now built up a comprehensive range of printing and finishing equipment. This includes the capability to produce up to eight colours in one pass employing UV Flexo printing with second pass registration if required to add further spot colours or varnishing. All three die cutting methods are employed with rotary, semi rotary and flatbed systems enabling all manner of self adhesive shapes to be created.

High speed offline and online variable data printing is available through the use of both drop on demand UV inkjet and thermal transfer systems. These processes are complemented by camera inspection systems and hologram foil application using hot stamping equipment.

"High quality barcoding is a speciality product for us and we can supply high resolution formats at 500 dots per inch at a maximum speed of 90 metres a minute. The resolution on barcodes is software adjustable and supplies crisp readable images that are

One to One

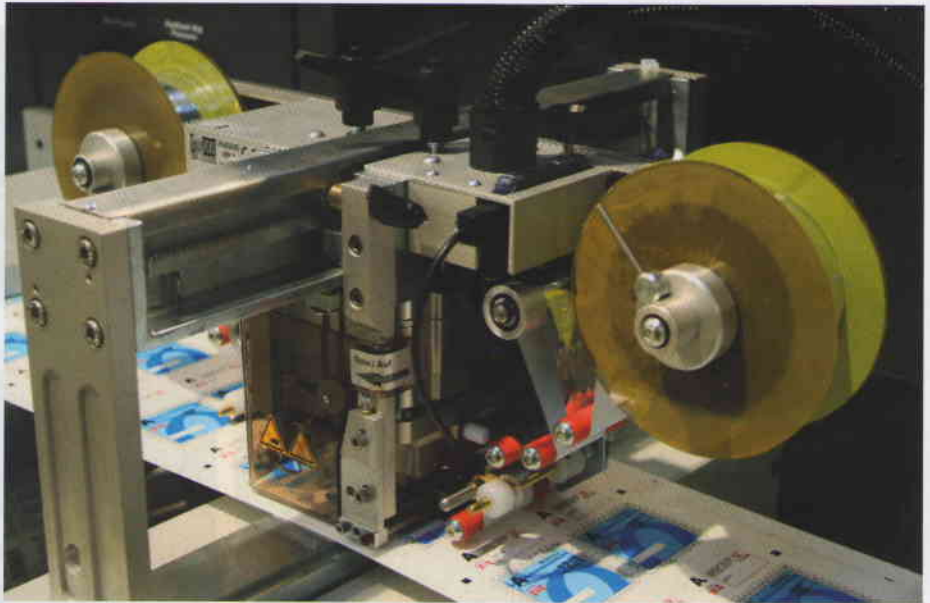
applied using UV ink, making the codes resilient to abrasion. We can also varnish or over-laminate as an additional protective measure to ensure good first time read rates if required, but this option is only used for applications where labels are exposed to very harsh conditions". Cezar continued.

Eltronis has recently installed a hologram application module to its production portfolio and this is utilised in conjunction with the inkjet printing unit to produce vehicle excise stickers for the Department of Transport. The equipment was supplied by AB Graphic International and applies the security holograms as a hot foil process using the Digicon Series 2 semi-rotary line. (see: *P5, Product & Image Security Vol.13 No.3 May/June 2009*).

The Romanian Government is now using self adhesive decals as a method of collecting road tax and drivers are required to display these 'vignettes' as they are called, on the windshield of every licensed vehicle. Because such high value products attract counterfeit and photo-copier attack there is a requirement to protect these decals with a secure hologram. The tax vignette consists of two distinct parts, one part for open display and a control coupon. Both parts carry a hologram (see illustration on previous page and over page) and a serial number and barcode. There are as many as 22 different designs in operation so that each distinct type of vehicle can be catered for. Cezar thinks that they are the second most complex tax decals used in Europe today, and the specialist equipment that was supplied by AB Graphics was custom made for producing such a complex product.

"We have established very good relationships with reliable security hologram producers in order to offer our customers a choice of overt and covert authentication features. We can supply both basic generic designs where required and also complex security holograms where protection is needed for high value applications". Cezar informed.

Most of the holograms supplied by the company are applied to end-products such as labels in close register using fibre optic sensors to ensure that each image is correctly placed on the web. The use of holograms in security printing in Romania is fairly



A hologram application module from AB Graphic International applies holograms online

widespread with applications in elections and ID documents through to visitor badges and passes for events such as the NATO Summit held in Bucharest last year and the Francophile Summit also held in Bucharest.

"Our main conventional market continues to be domestic, but we have exported on occasions to Holland and the Republic of Moldavia. Following our recent investment in specialist print and finishing equipment we are keen to seek partnerships with established producers of security related print in other parts of Europe. We have decided that agency representation is not a suitable alternative as we have a number of unique synergies to share with the right partner". Cezar continued.

The security printing market in Romania is still developing and Cezar Cuc estimates that it does not yet exceed 150 million Euro's which includes the current biometric passport; which could account for a third of this. Since ninety percent of this market is closed to commercial printers, with passports and currency being produced by the state owned National Printing House, there's not much business left over for private consumption and competition is fierce for what's left. This accounts for the need for Eltronis to find the right partner in more developed European markets.

It seems that the market for print in Romania is no different from elsewhere and competition

reduces prices to such an extent that pressures on margins are eroded to a bare minimum. The Government has introduced reverse auctions for some security jobs recently and the Romanian National Lottery is now sourcing its scratch off tickets from India because manufacturing domestically was too expensive.

There are some bright spots though, and the planned introduction of public transport RFID season tickets for Bucharest is one of those future projects that is hoped will stimulate the market, along with an increased need for brand protection print, as local trademark owners seek to defend their products from counterfeit attack. According to Cezar there is already an extensive Ministry of Agriculture system in place to protect local DOC (controlled origin wines). This system is similar to the method adopted by Spain to protect Rioja source wines and also employs a hologram. It is also a requirement of ORDA (the Romanian Copyright Enforcer) for genuine music and film products to carry a protective hologram too.

"I consider that the future of profitable security print in Romania lies with turnkey systems, where security printed product is supplied alongside hardware and software for specific applications such as identity management and transport." Cezar predicted.

"It is becoming increasingly difficult to

separate such printing from IT, software and hardware anyway as these are all seen as integrated components of a total system and the responsibility for their performance and reliability becomes the task of a single supplier. Security printers in Romania will either evolve into full systems integrators in future, or continue to inflict decreasing margins on each other to such an extent that they fold". He predicts.

It may be cold comfort for those that complain about similar problems in other markets to know that such inconveniences also exist in the developing regions too. The subliminal message though is that new entrants into the European Union are learning quickly from the experience of their counterparts and will continue to trade upmarket where better profit margins exist and the need for 'cutting edge' solutions is at its maximum.

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