



MERITAGE SPECIALTY PACKAGING LTD. Jay Tapp - CEO Dawne Tapp - President

The owners of Meritage are Jay & Dawne Tapp & family, plus senior management. Meritage Specialty Packaging was created in 2006 to bring together a *Blend of the Best*: packaging technology (printing & finishing) and the best people (talent). There are 20 employees, with one manufacturing location in Surrey, BC (near Vancouver) and two sales offices located in Santa Rosa, CA & Salem, OR. Established in 2006, Meritage's new digital manufacturing operation opened its doors in August 2011. The manufacturing model went 'live' in November 2011.

Meritage specializes in high value added packaging, specifically labels, tags and wraps. Its markets include Wine & Spirits, Cosmetics, and Gourmet Foods as well as Security & Anti-Counterfeiting, Tracing & Tracking, and Interactive Marketing ('smart labels'). Meritage designs and builds its own proprietary finishing lines featuring foil stamping, embossing, security & anti-counterfeiting applications.

The primary geographical focus is the USA West Coast & Canada, but Meritage also has clients in major wine growing areas such as South Africa & Australia, and spirits clients in the Caribbean & Central America.

A little history: In 2008 Meritage began discussions with Xeikon after completing a meticulous and thorough analysis of the current state of the digital printing industry.

Jay Tapp, very familiar and experienced with all traditional printing processes, was one of the pioneers of UV Waterless printing (1993) and an early adopter of digital printing early in the millennium (2003). It had been obvious to him for some time that what was needed was a dramatically different organizational model - one that was specifically dedicated to advancing a digital platform at the highest valued added end of the market.

The print industry was becoming more and more focused on the development of the next generations of digital printing, but the Xeikon 3500 stood out with its markedly higher resolution, brand new revolutionary toner formulation, and tremendous *horsepower* and *brainpower* in the front-end file & image management software. Xeikon was looking very hard at the packaging market as the *next direct mail*, and wanted to significantly increase their penetration within the label industry.

The Xeikon/Meritage collaboration: In the fall of 2011 the first Xeikon 3500 was installed in North America. Its capability of 240-line screen-printing at 1200 x 3600 dpi met Meritage's demanding graphic reproduction quality standard. Not only would Meritage be the first to put the Xeikon 3500 into production, but Xeikon and Meritage also agreed to collaborate on the continued development of the technology. Meritage's goal was to use the Xeikon 3500 as its only prime printing technology and to combine the Xeikon print with its proprietary Digit Decorative System. The objective of a 100% digital printing and finishing environment with a very broad range of high-end capabilities, dedicated to packaging and labels, was being realized.

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Xeikon + Digitt Technology – A Perfect Team

In 2004 Dawne came up with the name 'Digitt' which was trademarked for use by Meritage for its own packaging equipment development. Today the Digitt Decorating System (DDS) is a reality and the company's first custom engineered finishing line is operating daily. The DDS/version 1.0 is the most productive and effective digital decorating system available anywhere in the world today and is the backbone of Meritage's value added finishing capabilities. It includes foil stamping & embossing (40 ton); clear build varnishes; RFID inseting; variable & random graphics; coating and die cutting.

Other unique elements in Meritage's finishing line-up are the Xeikon X-800 Voyageur workflow software, CNC die making and ORIS Press Matcher Color Management. The combination of Xeikon plus Digitt provides the platform that Meritage will use to capture a significant market share of the premium value added label market.

Key Features of Xeikon + Digitt Technology

- 30% less cost/unit than traditional flexo/offset due to less waste and processing time
- far superior quality to the standard earlier 'digital' offerings
- highest resolution digital printing currently available (240 line screen)
- print can be immediately finished without intermediate processing or curing/drying time
- maximum flexibility for finishing/decorating

Key Benefits of Manufacturing Model

- extremely flexible & capable of making any kind of label (many additional features built in...security, tracing & tracking, anti-counterfeiting)
- small footprint (one third of traditional PS label plants)
- very scalable capacity without adding overhead
- 'clone'-able in whole or in stages
- easily integrated into an existing printing operation
- modular and upgradeable

The Xeikon bonus: Meritage can facilitate any traditional or digitally printed label job and, in most cases, produce a superior result. There was a learning curve in the optimization of the print quality on a wide variety of substrates, and in the management of multiple (daily) stock changes.

Generally speaking, the type of finishing equipment required to accommodate digital packaging/label jobs is determined by the kind of products to be made. The follow-up would be the development of a customized finishing line that would match capacity to the Xeikon 3500.

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Media & substrates: The clients and their label designers will choose the media (face stock) they wish to use. Meritage needs to be able to print on anything without pre-treatment...the Xeikon is very flexible on the vast majority of substrates.

Goal: Meritage is re-defining *Digital printing* in the packaging segment. **It is not 'only' for average quality short runs anymore.** At Meritage, digital printing using the Xeikon 3500 is the pinnacle of *on-demand graphic reproduction* available anywhere in the world today. Xeikon & Meritage have put digital printing on a level playing field alongside any other printing process.

Constant color matching and color management, in general, characterizes our packaging workflow. In most cases we are taking designs conceived in spot or special colors and converting them to four-color process colors.

Why Digital? Frequently our customers cannot immediately believe that our samples are printed on a digital press. "This looks like high resolution offset" is a common observation. Once they actually see the press in operation they not only become believers, but advocates. The color saturation and reproduction is superb and consistent. The waste reduction is so dramatic that clients immediately realize this as a factor in facilitating how quickly we get to an approved label sign off. Jay Tapp: "The Xeikon 3500 is the *platinum standard* for digital printing quality today."

Customer influence: In a way the customer has driven every investment by Meritage. Dawne Tapp: "Our goal is to say 'Yes!' to the project, make it a positive & seamless experience, and achieve a 'two thumbs up' end result."

85% of our jobs are foil stamped and embossed.

Issues/Challenges: Most digital printing workflows are not robust or accurate enough to take on large traditional offset and flexo printers. Meritage's operation features equipment and processes that can meet or surpass these technologies. Frequently clients are now specifying interactive and random/variable graphic elements. We can incorporate these into any design without adding significant cost or time to the process.

Collaborative outcome: We have achieved very rapid penetration of our primary target markets.

Successes: We have a production workflow that operates with 90% less waste than traditional printing shops. This means far lower costs and therefore automatic savings for our clients.