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Cashing in on Sustainability

Green initiatives can be a profitable endeavor for dealers.

By Mark Vruno

At the dawn of 2020, our world is one generation away from a population exceeding 9 billion people. By 2050, the United Nations projects the Earth will add another 1.2 billion human souls. For perspective, in 1990, the global population was 5.3 billion persons. With numbers like these, sustainability has become a vital issue.

“You can’t fake it anymore,” warned Don Carli, president of market research firm Nima Hunter, Inc. and a senior research fellow at the Institute for Sustainable Communications (ISC) in New York City. Entering its 17th year, ISC, a non-profit 501(c)(3) organization, is devoted to raising sustainable awareness throughout the printing, digital media, and advertising industries. Carli and ISC have worked with chief sustainability and marketing officers at major corporations, including IKEA and Walmart. “These initiatives require infrastructure and capacity,” he pointed out.

Aaron Dyck, senior vice president of marketing at ink/toner cartridge remanufacturer Clover Imaging Group, concurs with Carli.

“If you can’t back up the accuracy of your sustainability claims, people will call you out,” said Dyck. Clover itself has collected more than 361 million cartridges over the past 11 years.

That said, there are U.S. companies that “just want to be able to put a ‘label’ on their business,” said Carli. “It can be a fig leaf,” he said.

In its quest to drive a circular, low-carbon economy and tackle global plastic waste, HP used more than 5,000 tons of recycled plastic in its printing products last year—a 280% increase from 2017—and more than 8,800 tons in original HP ink and toner cartridges. Such efforts result in

less waste in landfills and our oceans. In 2016, HP partnered with First Mile Coalition to make original HP ink cartridges using plastic from bottles collected in Haiti, which would otherwise most likely end up in the ocean. To date, HP has sourced approximately 1 million pounds, equivalent to 35 million bottles, of ocean-bound plastic bottles from Haiti alone.

Kousuke Ito, director of Ricoh’s Sustainability Management Center, insists that copy machines and digital printers no longer are “energy hogs.” However, proving so and fighting the old perception can pose a difficult challenge.

The Federal Trade Commission mandates honest marketing. As such, Ito and his colleagues are precise about points they make about the total cost of ownership (TCO).

“From power consumption to paper and toner usage, our marketing claims are valid,” said Ito.

“Green pressure” is real, according to Ellen Jackowski, global head of HP Inc.’s sustainability strategy and innovation. “No one wants to be eco-shamed. The supply chain is going through a transition and being reinvented.” Everything, from the “mining of metals to the production of plastic” is being touched.

“Companies have to be transparent and clear; our lawyers review everything,” she added.

Paul Albano, senior manager of integrated marketing, vertical markets, and market intelligence at Canon USA, agrees that honesty is the best sustainability policy.

“You cannot exaggerate [claims], nor can you use ‘buzz’ words any longer,” said Albano. “Sustainability has become a mindset, an expectation of doing business. Millennials learned about this in

school and the workforce. It’s a standard requirement on every bid.”

OEMs such as Canon, HP, Konica Minolta, Ricoh, and Sharp have seen that type of bidding turn into major dollars.

“In fiscal year 2018, we saw \$20 billion in RFPs based on sustainable actions,” reported HP’s Jackowski, who stated the company’s bottom-line result tallied up to \$900 million in revenue earned, an increase of 35% over the year earlier.

Make no mistake: Sustainability can mean big business. A faction of investors is banking on “green bonds,” the proceeds of which can go toward new or existing projects meant to have positive environmental or climate effects. These green bonds represent a \$760 billion global market, which is growing, according to Bloomberg.

In addition to rewarding companies that meet environmental, social, and governance (ESG) criteria, some investors are “punishing those who do not measure up,” Bloomberg reported last December. ESG criteria are a set of standards for a company’s operations that socially conscious investors use to screen potential investments.

“Quantitative metrics track environmental impacts such as greenhouse gas emissions, carbon offsets, water use/conservation, and landfill waste,” noted ISC’s Carli.

“Listen, I know that sustainability is not a primarily sought benefit when buying [or leasing] a copier,” he said. “However, we can’t just simply throw things away anymore.”

Sustainable Times

Jim Coriddi, vice president dealer division, Ricoh USA, often tells members of the

“If you can’t back up the accuracy of your sustainability claims, people will call you out.” - Dyck

Canon's lifecycle-management approach encompasses the production, use, and recycling of its products. The OEM has some 5,000 suppliers that comply with its "green" procurement program.



Ricoh Family Group (RFG) dealer community: "Customer interest in sustainability can create competitive options in your favor."

Ricoh's Eco Excellence Program, heading into its fourth year, recognizes those dealers that "walk the walk and are prepared to talk with their customers about sustainability," Coriddi noted. "This is a unique moment of market readiness and opportunity."

Over the past decade, sustainability

has become the "IQ Test" for businesses, government, and non-profit organizations. According to Clover's Dyck, the sustainability message still resonates stronger with some end-customers than others.

"Education (K-12 and universities), and federal and municipal governments, as well as healthcare, are ideal vertical markets to target," he said.

However, these aren't the only demographics that are looking to improve sustainability.

"Enterprise and mid-market customers are likely more aware of sustainability, as opposed to small- and medium-sized businesses (SMBs)," said Steve Burger, head of engineering and vice president of technology marketing, Ricoh USA. "Utility companies and manufacturing firms are more aware, too, as are customers on the West Coast."

The Time is Now

With environmental concerns dominating daily headlines, more and more customers are looking to experts to help make sustainability an initiative.

"Now is a great time to talk to customers about features and benefits," said HP's Jackowski. As an example, she cited HP PageWide printheads, which are the same width of the paper. "These ink heads don't need to move, so they don't require energy," she explained, making the technology some 80% more energy efficient.

Other applications such as motion detectors allow printers and copiers to consume less power— without adversely affecting productivity.

"Sensor technology enables zero warm-up time from 'deep-sleep' mode when

10 Sustainable Steps Your Customers Should Consider in 2020

As dealers and industry experts, you can help end-users market sustainability this year. (No. 1 on the list may be surprising!)

1. Use less paper: Think e-documents over paper. Cloud workflow solutions can help.
2. Analyze and optimize the number of printers needed.
3. Manage assets to assess upgrading needs. Dispose of old equipment responsibly.
4. Encourage sustainable habits among employees—train and educate, if necessary.
5. Redirect printing to the most cost-effective device.
6. Minimize power consumption.
7. Reduce paper usage.
8. Print on demand.
9. Change settings to reduce paper and toner usage. Implement duplex defaults and toner-saving modes.
10. Measure—and market those metrics!

Source: Ricoh

“If your customers and vendors care about sustainability, you should care, too. Mirror their commitment.” - Carli

someone approaches the machine,” explained Ricoh’s Burger.

Additionally, to help curtail consumables waste, toner gauges ensure that cartridges are “bone-dry” empty.

On the production floor, Ricoh is now sourcing 100% renewable electricity for its A3 MFP assembly. Last year marked the third year the OEM has participated in RE100, a global initiative supported to procure 100% of the electricity used for

operations from renewable energy sources. Previously, Ricoh installed in-house, power-generation facilities and switched to electricity sources from higher proportions of renewable energy. To date, it has switched to 100% renewable electricity at nine sales companies in Europe and for reuse/recycling processes in manufacturing in France. Also, Ricoh’s Eco Excellence Program is now in its third year.

“Dealers can leverage our know-how through this alliance and partnership,”

said Ricoh’s Ito. “We presently have about 30 such certifications.”

Strides Toward Sustainability

If sustainability is not already integrated into your dealership’s mission statement, it probably should be—and soon.

“Some dealers need to educate themselves,” ISC’s Carli said. “If you have aligned your business with sustainable goals, be proud of it. It will earn your



The Cartridge Conundrum

There is a debate in the industry as to whether or not sustainability statistics are misleading.

“There’s a huge mismatch between the volume of cartridges collected by remanufacturers versus the number of them sold,” cautioned Christian Pepper, president of the Channel Partner Division of LD Products Inc., which is based in Phoenix and manufactures a line of business class printer consumables called the GOLD Line. “Empty OEM cartridges [often] break and get physically damaged when they’re thrown into waste-collection bins. In my experience one-third to one-half of them have no value. Do these end up in landfills? Do the plastics and metals get recycled? If

so, they’re probably sold back to a raw-material brokerage, which sends them back to Asia.”

Cartridge lifecycles are an important element of the sustainability equation. How do OEM partners collect and transport large amounts of empty inkjet and toner cartridges?

Dealers should be questioning whether OEMs are using return bags for single, UPS shipments, or if their service teams offer the option of taking back bulk cartridges in large containers. Dealers also should be inquiring about additional charges.

According to Pepper, OEMs “are actively trying to get back every

cartridge—and they’re moving around individual, recycled products, which can result in a high carbon footprint,” because of the transportation required.

“Our LD shells are made in China with 100% new components, then they’re shipped one time in bulk containers to the United States,” Pepper explained. By comparison, OEMs typically send used cartridges to a central processing plant for sorting. Next, they’re shipped overseas and subsequently are shipped back again.

“All that cost can represent anywhere from \$3 to \$8 per cartridge, depending on the collection method,” he calculated. “And, of course, all that movement has a carbon impact.”

One step further, Pepper is asking whether, after the crushing and shredding of cartridges to prevent refilling, the plastic is handled properly in the OEM’s waste stream.

Cartridge remanufacturers have unique challenges. Clover Imaging is the world’s largest remanufacturer of

firm business. And choose your partners wisely.”

For Clover’s Dyck, “The reality is that Fortune 1000 and 1500 companies are looking for sustainable partners. We get that.”

Dealerships don’t need to look far to see how other industry-related firms have integrated sustainable business practices and marketing into their business dynamics. The OEMs have made substantial headway, and all of them are marketing sustainability information and services to their customers.

“Environmental sustainability is deeply ingrained in everything Canon does,” emphasized Albano. “It all comes back to the Japanese ‘kyosei’ philosophy of

living and working together for the common good. This has been part of Canon’s practice since the 1980s before corporate mission statements became popular.”

Canon’s lifecycle-management approach encompasses the production, use, and recycling of its products. The OEM has some 5,000 suppliers that comply with its “green” procurement program.

“Some of our objectives include using fewer hazardous materials and lighter-weight materials, so we can fit more product in a shipping container, for example,” revealed Canon’s Albano.

Engineering and technological advancements, such as more efficient copier/

printer/MFP ratings, more automated functions, and higher-yield toners, also come into play.

“In terms of how customers use our products,” Albano continued, aggressive “power- and paper-saving features have become standard. More often than not, black-and-white duplexing is the default mode. Secure printing now is commonplace, and people tend to think about scanning documents electronically before they copy and print [out] on paper.”

Reporting and tracking software can help users measure and maximize output efficiencies. Canon’s uniFLOW, for example, is a print-management tool designed to save organizations time and money

cartridges and parts—and the largest collector of empty toner cartridges.

“Sustainability is ingrained in what we do,” said Aaron Dyck. “Every day, we divert some 27,000 pounds of material from landfills.”

In addition to its collection programs, Clover has partnered with PrintReleaf to offset print consumption with certified reforestation. “We have planted nearly 600,000 trees since early 2015. For every 8,333 pages printed by a customer, we plant one tree.”

Research and development (R&D) play a role, too, when it comes to remanufacturing waste. “The solution we use now to clean our cartridges requires less volume of chemicals,” stated Dyck.

In addition to making supply-chain logistics more efficient, Clover’s artificial intelligence (AI) partnership with Microsoft employs machine-learning to optimize production, too.

“We realize that over-producing has an impact,” said Dyck,

acknowledging that lowering office-technology costs always is an end goal. Clover shares these sustainability-related successes with its dealer customers—via marketing collateral, videos, and other resources—who, in turn, can leverage this marketing with their end-users.

Canon views toner cartridge recycling as a mutual commitment. According to Paul Albano, vertical markets, and market intelligence at Canon USA, the company maintains joint sustainability goals with its dealers, and their customers can take the credit for those goals.

Even though toner recycling falls under sustainability strategy, that initiative isn’t without problems.

Remanufacturers are looking for empty, “virgin” cartridges and cores that have been used only one time because they’re hard to open a second time.

“Once broken into [to refill], they tend to leak a lot, which compromises product integrity,” LD’s Pepper

noted. “Remans do reuse some plastic shells and clips and screws, but the vast majority of high-volume componentry—by weight—gets discarded.”

Pepper cited drums, and developer and waste toner (dust) as throwaway elements. He said dealers should be asking whether the remanufacturers are obligated to properly downstream any scrap and if the company is R2-certified in its manufacturing center. (R2 is the latest version of the electronics recycling industry’s leading certification.) Either way, the cost of collection and remanufacture can run anywhere from \$5 to \$20 per cartridge, according to Pepper.

Pepper also contends that some 40% of the cost of a remanufactured cartridge is in collection and moving around outside the country to places such as China, Mexico, the Philippines, Romania, or Vietnam. Plus, the cost per ton for recycled plastic has become ridiculously low, according to Pepper, which is why LD’s business model is to sell newly built, compatible cartridges at a unit cost of \$1 to \$3.

by providing effective controls over the entire printer and multifunction printer (MFP) and scanner fleets.

Going Beyond the Environment

Ricoh is one OEM that supports the United Nation's Sustainable Development Goals (SDGs). Its building blocks include people (society), planet (environment), and prosperity (economic activities).

The ISC, too, views "sustainability as not only about being 'green,'" Carli noted. "It's about the economic, environmental, and social practices of companies," the latter of which can include human resource components such as diversity and inclusion.

"Having such policies in place can open up opportunities with federally funded government agencies and firms that work with them," he said. "Customers may care whether minorities or women are in senior positions, servicing their accounts."

Indeed, research reveals that some Gen Z and millennial employees care less about the wages companies pay and more about how the businesses are run, Carli added.

In 2018, HP increased U.S. new hires from typically under-represented groups to 59% and spent \$423 million with small businesses, as well as \$219 million with minority- and women-owned businesses. The mega-manufacturer also used 23,424 tons of recycled plastic in its products, the OEM reports.

Its management team also cites other, loftier goals in the firm's latest Sustainability Report, including:

- By 2025, to increase recycled content plastic in Personal Systems and Print hardware and supplies to 30%.
- By 2035, to power its global operations with 100% renewable electricity, which has already been achieved in the United States.

Sustainability efforts also include mea-

suring performance in these areas, as well as holding firms accountable. The Dow Jones Sustainability Index and the Global Reporting Initiative (GRI), both of which have been around for more than 20 years, can help gauge companies' progress. GRI is an international independent standards organization that helps businesses, governments, and other organizations understand and communicate their impacts on issues such as climate change, human rights, and corruption.

What's Your Why?

"Why do owners care about sustainability?" ISC's Carli asked. "Do they have altruistic motives? Some truly care about their communities. Perhaps, there is a moral and ethical imperative involved. Do they want to 'do the right thing'?"

For some companies, maybe their answer is all of the above.

"Or is it because their customers are interested in it?" Adds Carli, "ask yourself, whose equipment am I selling? Do they issue annual reports and/or sustainable impact reports? What are their ratings? Be proactive and ask for them. Find out their goals and objectives."

Sustainability reporting for OEMs such as Canon, HP, and Ricoh is easy to find online. Furthermore, consider supply-chain policies.

"Are you part of their supply chain?" Carli suggested. "Tier 1 suppliers get most of the attention from manufacturers," he admitted, but that is changing. As we head into 2025, Carli is predicting Tier 2 and Tier 3 suppliers may be held to a higher standard when it comes to sustainable practices.

"If your customers and vendors care about sustainability, you should care, too," he urged. "Mirror their commitment." Conversely, if your dealership has established guidelines regarding sustainability, be sure to communicate them to your suppliers.

The reality is that printed output continues to decrease. "In terms of TDV [total document volume], we have seen 5% annual drops in page prints," reported Ricoh's Burger.

Despite declining print volumes, dealers still need to monetize their operations. For SMBs, enhancing workflows could be the best way for end-customers to improve automation and productivity. Burger points to Ricoh's cloud solutions, a portfolio of a subscription-based workflow models that rolled out in mid-2018. With rates starting at \$10 per month, these tools are quite affordable.

"A penny a page gets you 1,000 pages," Burger noted. "Eco-excellence is like any other business proposition: You have to offer value."

Unconventional thinking often is required when it comes to taking more environmentally sustainable actions.

"It goes beyond the virgin-vs.-recycled content argument," HP's Jackowski contended. "There are cost savings in not using [something]." For example, HP is utilizing new packaging designs to remove paper inserts for instructions, opting to print those instructions on the inside of the boxes.

Of course, sustainable business practices extend beyond e-waste and the proper disposal and recycling of consumables. Carli says dealers selling cloud services should be questioning where the server is located, as well as whether the host data center is using a full-scale power plant and whether they use water for cooling.

As dealers look to explore more avenues to add value through sustainability, going further than the basics will become increasingly important as we move through this next decade.



Questions About This Story?

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