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Special for *O Papel*



IBEMA DISCLOSURE

Next to Sandri (left), Saraiva talks about strategic fronts adopted by Ibema to position itself as a manufacturer of innovative paperboard solutions

IBEMA BETS ON INNOVATION TO KEEP UP WITH TRENDS IN THE PACKAGING MARKET

Focused on offering products that satisfy the packaging sector's current needs, Ibema recently launched three innovative solutions. Ibema Royal Coppa, the first paperboard developed and produced in Brazil and Latin America for making paper cups and pots, is one of them. In turn, Ibema Digital stands out for its higher performance in digital printers, pointed out as the main trend in the packaging market. Lastly, Ibema Blindato, the company's third launching, stands out for its polyethylene layer present on the front and/or back side of the paper.

The three new products were introduced last year, a period marked by the beginning of the company's new management. Nilton Saraiva is the executive currently heading Ibema. Born in Curitiba (PR), the mechanical engineer graduated from Instituto Tecnológico de Aeronáutica (ITA), in addition to having also studied at the international institutions like Rochester Institute of Technology (RIT) in the United States and International Institute for Management Development (IMD) in Switzerland. "In spite of leading Ibema for just one year, I have more than 25 years of experience in the packaging segment. I have a comprehensive vision of the market and am positively impressed with the possibilities paperboard currently offers," says Saraiva.

Alongside Fernando Wagner Sandri, Ibema's technical R&D and Innovation director, the company's CEO talks about the strategic fronts recently adopted by the company to position itself as producer of innovative paperboard solutions, prepared to satisfy not only the immediate demands the market but also anticipate future ones.

Saraiva: “We work with printers so that they can present all the competitive advantages of paperboard to their end clients, making the market grow gradually.”

O Papel – How do you evaluate the current packaging scenario in Brazil? Do you believe it’s a market undergoing transformation?

Nilton Saraiva, CEO of Ibema – Certain structural changes occurring in Asia and Europe are giving paperboard greater relevance in relation to other materials, especially due to its sustainability aspect and the fact that the product is biodegradable. Looking inwards at Brazil, we can say that 2017 was a very positive year. For 2018, our expectation is to grow at least 3% in the most conservative scenario. We are being leveraged by the pursuit of solutions that are less aggressive to the environment, considering the amount of plastic in the oceans, which is almost greater than the quantity of fish. As such, I see new spaces opening up for paperboard, which is a very interesting and versatile solution.

O Papel – In view of this new scenario, what are the main trends for the packaging segment?

Saraiva – We effectively see new markets opening up. We are introducing, for example, board for producing cups, which just a few years back was a premium product used by only a few brands. Today, we see this type of board entering small ice cream chains and other small businesses, as a higher value-added solution. We also noted growth in the food service segment, an already very strong trend in Europe and the United States, which is beginning to consolidate in Brazil. We also have plastic trays migrating to paper, even though this transition is occurring at a slower speed compared to the European and North American markets.

Fernando Wagner Sandri, Technical R&D and Innovation Director of Ibema – The fact that the world population will continue growing is another factor. Packaging keeps up with this growth in all segments it does business, be it food, pharmaceutical or personal hygiene. In looking at markets in a regional manner, we see that demand in Europe and the United States tends to be smaller compared to developing countries like Brazil. However, overall, all segments should increase their demand for packaging. There are a wide and assorted number of segments that present a huge variety of types of packaging. We need to be prepared to offer solutions

with a lower environmental impact and, at the same time, that keep up with the market growth trend.

O Papel – How does Ibema satisfy the latest demands of its customers and how does it plan to maintain its future competitiveness? Has the interaction between client and manufacturer become closer?

Sandri – All products we manufacture involve the print industry. This proximity is fundamental in our development process. We have a strong alliance with printing companies to promote this transformation of paperboard into practical solutions that are adequate for the market. We are aware that innovation will come through solutions identified throughout the entire business, involving the paper manufacturer, printer and end client. It’s together that we seek viable market solutions.

O Papel – How does the innovation process work in the company?

Sandri – Our innovation process is very flexible and doesn’t take place in just one stage of the production process. We have professionals tuned in to new developments, both technical and market wise, as well as professionals focused on the evolution of raw materials that make up paperboard, like chemical products. It’s a process that involves a transversal vision of the entire chain, since we believe that innovation does not occur in an isolated manner.

Saraiva – We’re aware of the things occurring in Europe, a market we perceive having a certain lead role in the pursuit of new niches for paperboard. At present, we are following trends from abroad and trying to apply them in the local market. We know that the Brazilian market reacts slower to changes, since packaging cost is still a very relevant aspect. At the same time, we work with printers so that they can present all the competitive advantages of paperboard to their end clients, making the market grow gradually.

O Papel – Does the company’s latest introductions reflect this commercial strategy focused on future demands?

Saraiva – Yes. Ibema Digital came about through a partnership with HP, the objective of which was to

create board surface characteristics that were more appropriate for digital printing. This material was developed specifically for this market, which we believe has good growth potential. The cost per print unit is still relatively high, but with small production runs it already becomes economically viable. The trend is that this product will gain space in the packaging market, since current demand requires increasingly more customized products — which fact should lead production runs to drop considerably. Ibema was a pioneer in producing the first board adapted for digital printing, a reality that is being consolidated in Brazil. While we track the market's evolution, our focus is on servicing the internal market. Ibema Royal Coppia, in turn, was launched with the objective of satisfying existing demand. Brazilian paper-cup producers had to bring material from outside until we began supplying this product. It's important to point out that, before our launching, the market just didn't take off, because the imported material was expensive, which increased selling cost. We decided to make this bet and offer this type of product with production in Brazil. We already see more consumers using our material, which stands out as a premium, sustainable and higher added-value product.

Sandri — Blindato is also a solution targeted for the local market with the objective that small printers can offer products with polyethylene protection. Our goal with this launching is to offer different packaging solutions to the food market, especially small-scale producers. Even though this product is not much explored, we are obtaining excellent feedback since, until recently, the printing market did not have a ready solution — you had to buy board and then coat it in another machine. By offering this ready solution, we believe that the paperboard market will grow.

O Papel — What is the role of more engaged management in the pursuit of a more sustainable reality?

Saraiva — Ibema is a 60-year-old company that possesses a very interesting mixture of professionals, combining youngsters and more experienced people. We've already identified that the younger generation, in particular, works towards a particular purpose.

Therefore, we are working with the following focus: offering a portfolio that represents a greater cause to the people who work with us. Our products have sustainability appeal. This alone already generates strong engagement. We have worked hard on this issue of purpose, positioning and how we wish the company to be perceived, with everyone's participation. Working together makes management a lot easier and accelerates the creation and idea-sharing process. In 10 months, we were able to place three innovative products on the market and be faster than the big players. We want to position ourselves as a company of innovative solutions and fast development.

O Papel — What challenges still need to be overcome for the forest base industry to strengthen itself in relation to its current competitors?

Saraiva — In my opinion, paper should not compete with plastic in which the conditions of the packaged product require characteristics that only plastic can offer. The idea is to propose solutions that paperboard is capable of offering. And there are countless alternatives, especially because paper lost space to plastic in applications it necessarily shouldn't have, simply due to a cost factor. Nowadays, the cost equation is being revisited, for there's a variable that wasn't considered before: the cost for society to remove plastic from the environment. The niche where paperboard is useful is already being expanded, but plastic, as well as glass and aluminum, will still have their space.

I believe in the increase of our product value after a period in which it was, in a certain way, put aside. Little by little, paper should recover its space, positioning itself as a more efficient solution from a sustainability perspective, in addition to having premium appeal. However, the paper sector does not take many risks and is not efficient in demonstrating the advantages of paper in relation to the main competitors out there. The first movement we are making to overcome this problem is to strengthen dialogue with printers, in order to show the advantages of paperboard and weaknesses of other materials, especially those that harm the environment. As representative of the entire sector, Ibá has also done important work to strengthen communication with society. ■

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