



## Sustainable materials, Energy demand reduction and Process optimization. Impossible trilemma or opportunity in disguise?

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# We are Schneider Electric

A global **industrial technology leader** in electrification, automation, and digitization

**Unprecedented partner network**  
>1 million partners

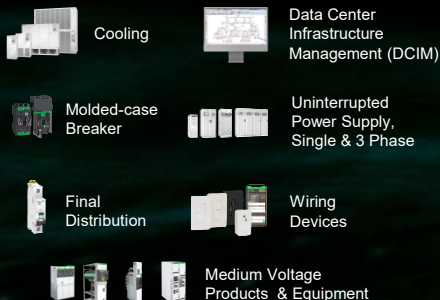
**ESG champion**  
and sustainability partner

**Multi-hub model**  
150k employees

**World-leading portfolio**  
with increased digital footprint

# Electrical & Automation technologies are converging with Software, Services & Sustainability as enablers for rapid acceleration

## Energy Management



## Software, Services & Sustainability



## Industrial Automation



## DATA CENTERS



## BUILDINGS



## INDUSTRY



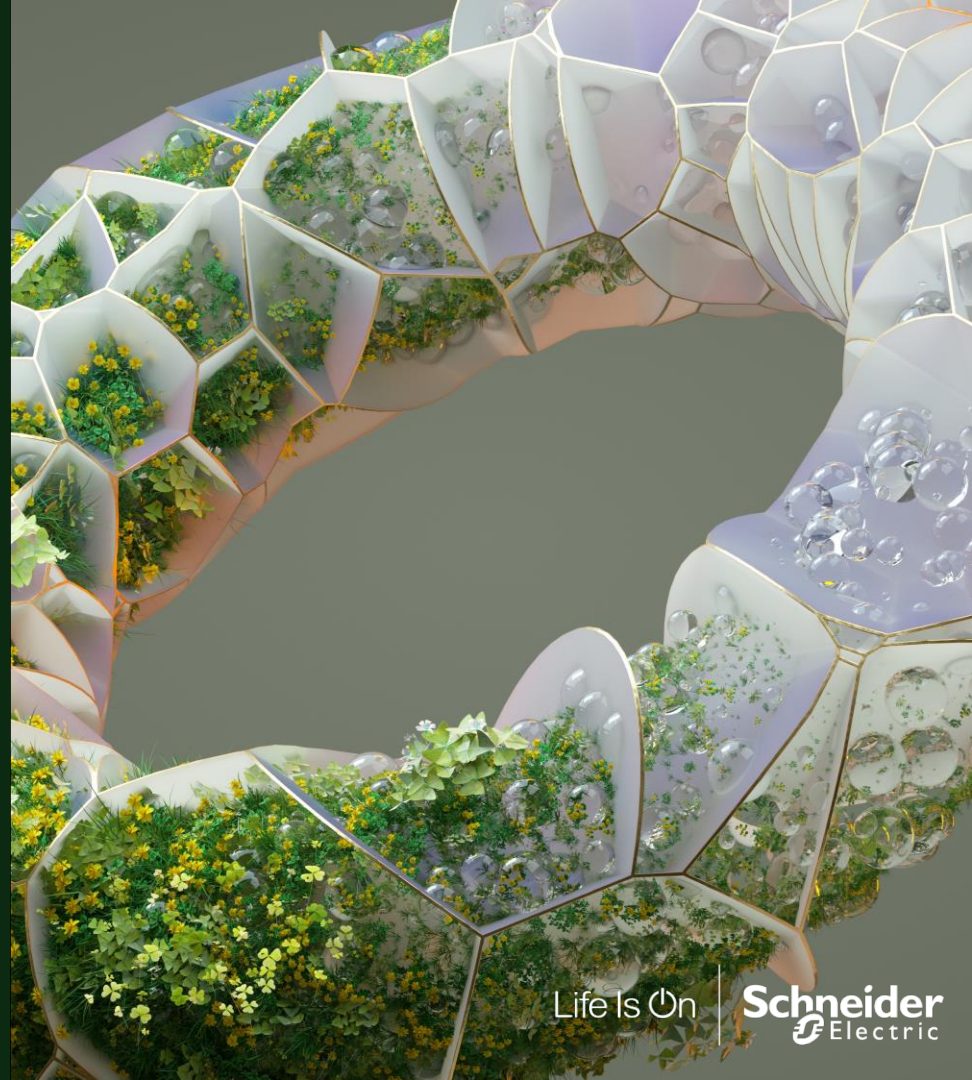
## INFRASTRUCTURE



Our purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all.

At Schneider, we call this Life Is On.

Our mission is to support you to build and operate efficient, reliable, and sustainable systems.



# Recurrent industry challenges

1. **Increasing number of SKUs** – Flexible batch plant that supports multiple recipes – Increasing complexity in batch processing.
2. **Scaling of batch production** – small and large batch sizes combinations, CIP process, compatibility of batches. Achieving ‘Golden batch’ for production.
3. **Volatility of Raw material** cost due to dependency on oil markets – 50%-70% raw material coming from petroleum
4. **Regulatory and end customer pressure** to improve sustainability – Reduce VOC and GHG, reduce energy and water consumption
5. **Increased competition from local players** – No entry barrier, competition focus on front end innovation, DIY paint, application technologies etc.
6. **Low entry barrier** – No technology differentiator in production. (e.g. decorative, automotive) Formulation is key however, it doesn’t stop new players entering in this market. Only for few niche industrial applications, it is difficult to enter the market. (e.g. coatings for Yacht)

<https://www.paint.org/coatingstech-magazine/articles/supplier-perspective-on-key-trends-in-the-paint-%E2%80%89%E2%80%89and-coatings-industry/>

# Typical Coating Product cost breakdown of raw materials

## Typical Coatings Product 2021 est. vs. 2020

SHERWIN-WILLIAMS.



Industry Inflation*	
<b>Resins/Latex (41%)</b>	<b>11 to 19%</b>
Acrylic (Latex Paints)	
Alkyd (Oil Paints)	
Epoxy (Epoxy Paints)	
<b>Pigments (29%)</b>	<b>1 to 2%</b>
Titanium Dioxide	
Pigments	
Paint Fillers	
Extenders	
<b>Containers (15%)</b>	<b>7 to 13%</b>
Metal or Plastic	
<b>Additives (9%)</b>	<b>-1 to -2%</b>
<b>Solvents (6%)</b>	<b>18 to 31%</b>

Total: +HSD to LDD

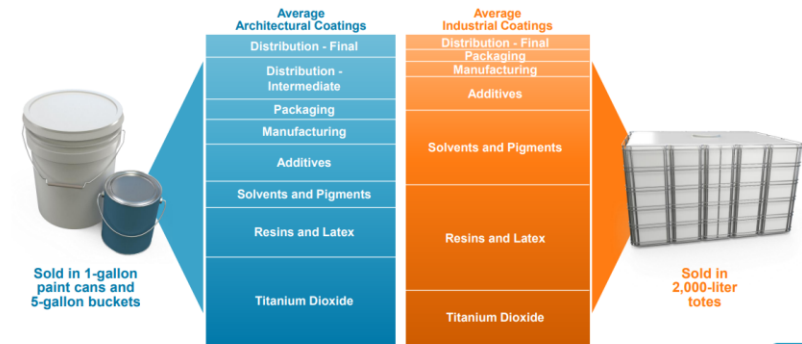
\*This represents the average cost range for the Coatings Industry. It does not reflect the cost for an individual Coatings Company. This cost could be lower or higher based upon company size or other variables (e.g., product mix, quality, etc.) that impact cost.

Source: Based on Sherwin-Williams internal estimates and assumptions using publicly available industry information.

FINANCIAL COMMUNITY PRESENTATION – JUNE 8, 2021

## Coatings cost comparison

Raw material basket and manufacturing/distribution costs are different



31 Source: PPG and industry estimates – figures vary greatly by end-use and application



[https://s25.q4cdn.com/953898558/files/doc\\_presentations/2021/2021-PPG-Investor-Overview-August-2021.pdf](https://s25.q4cdn.com/953898558/files/doc_presentations/2021/2021-PPG-Investor-Overview-August-2021.pdf)

Cost breakup	%
Material cost	60%
Labor	15%
Energy	5%
Packing	10%
Maintenance	10%

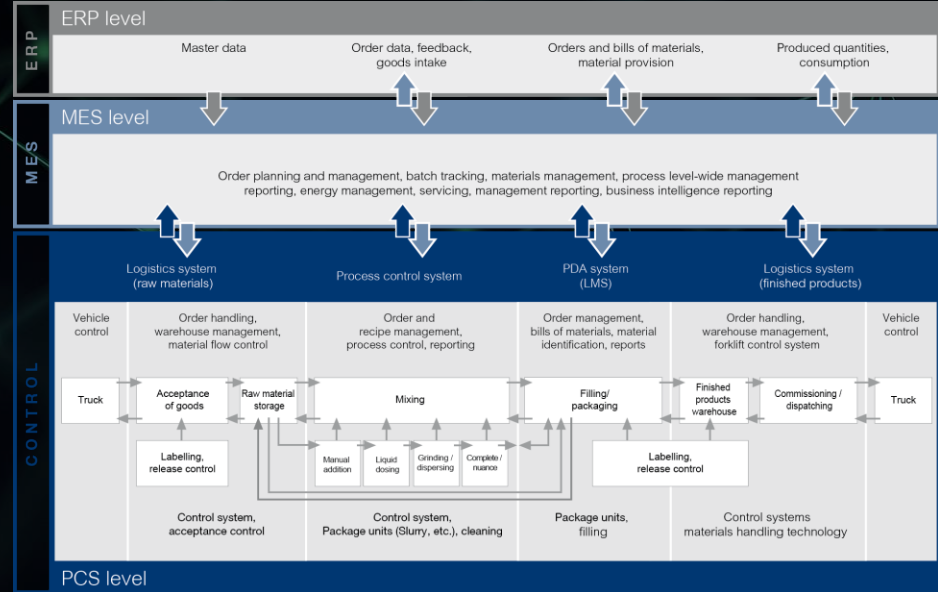
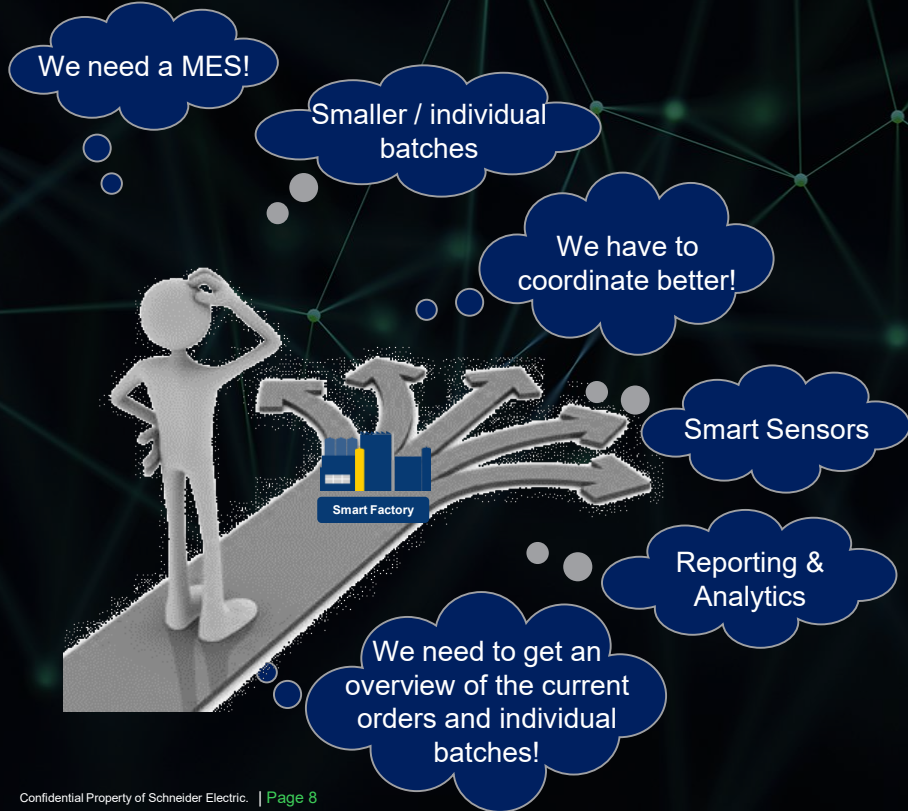
# Key strategies adopted by many manufacturers.....

Drive standardization and simplification while ensuring differentiation

- **Reduce raw materials variants** : Reduce variants at plant level and shift towards end use application. e.g. Automotive paints, color mixing machines
- **Increase batch sizes** : Reduce number of small batches, Powder feed system rather than bags
- **Recovery and reuse** : Pigging systems, Use by-products to reduce waste, increase material efficiency, and deliver savings
- **Sustainability** : Bio sourced material, Shift from Solvent based to water-based paints, reduce waste in process, reduce waste stream and reduced GHG emissions across value chain (supplier-manufacturing-customer)
- **Standardized packaging** : Standardized batch sizes, standard recipe and packing
- **Smart coatings** : coatings that have other functions in addition to protecting and decorating, antibacterial coating, Self-healing coatings and use of nano materials. AI to be applied to formulation development and to paint manufacturing.
- **Paint as product to 'paint as service'** : Marine coatings, sensors to detect corrosion for vessels

# .... but can we respond efficiently to these challenges?

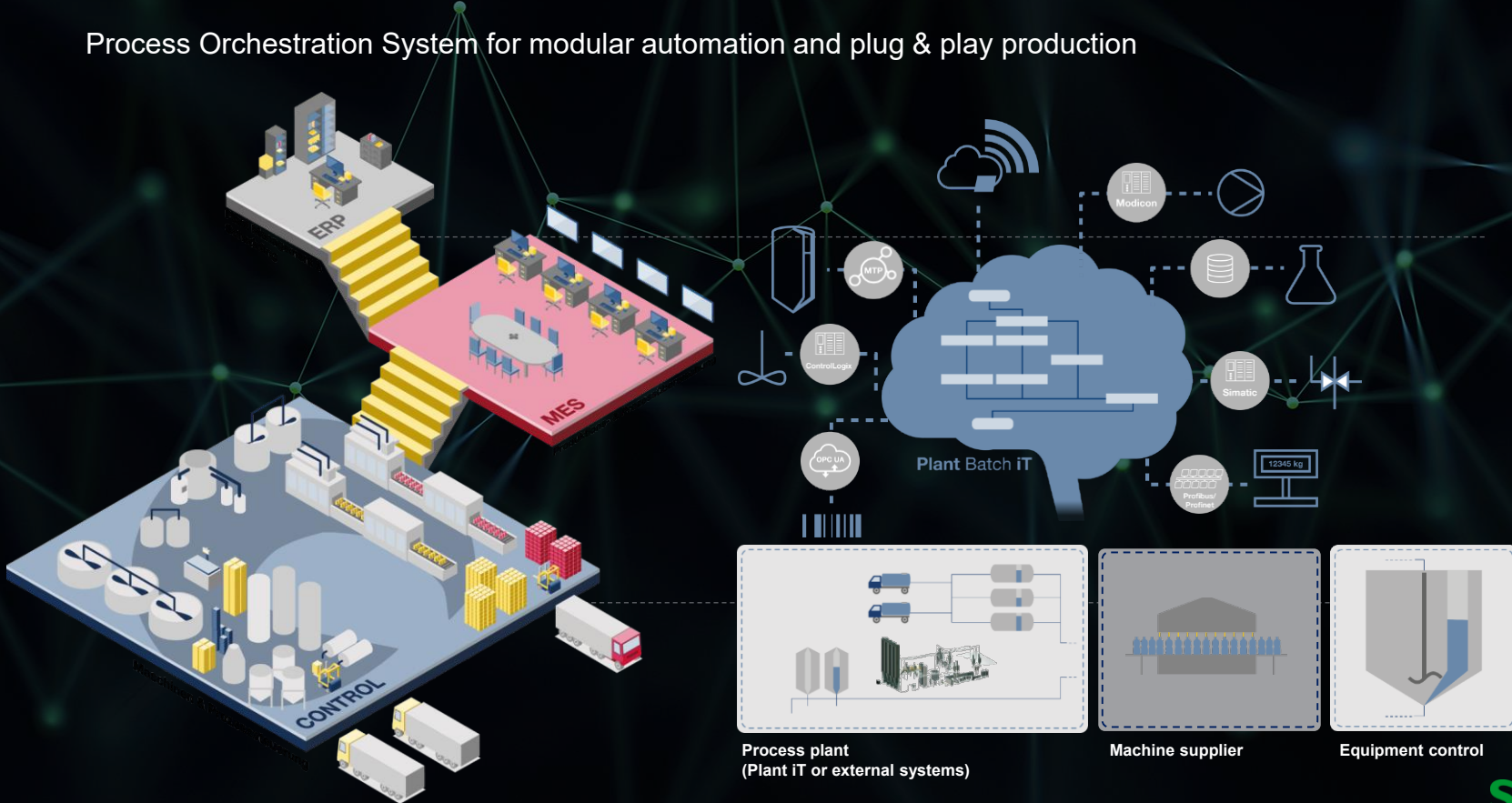
The Information Gap...





# System landscape evolution

Process Orchestration System for modular automation and plug & play production



# IT OT convergence

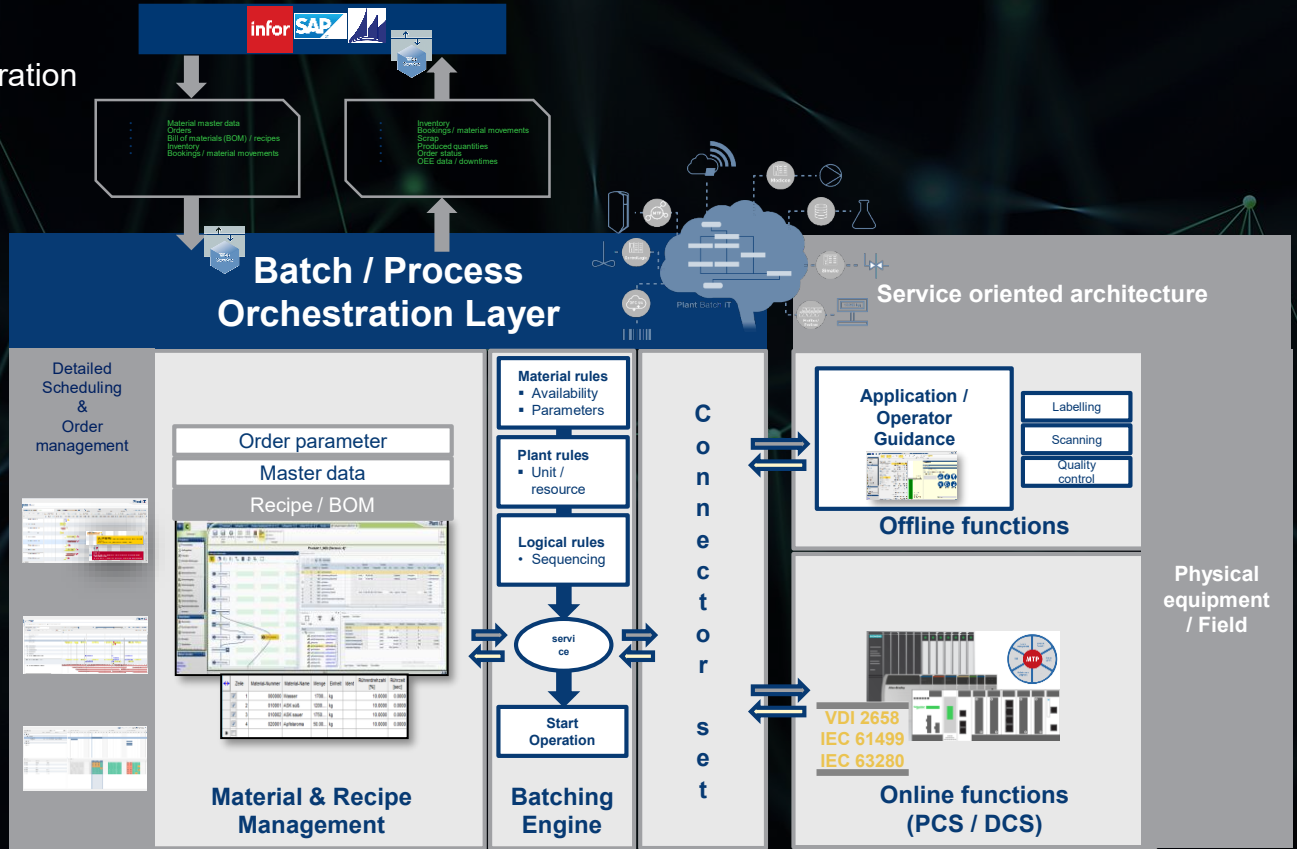
...supports Transparency



Availability and quality of materials and equipment are essential for increasing productivity, product quality and saving resources!

# IT OT convergence

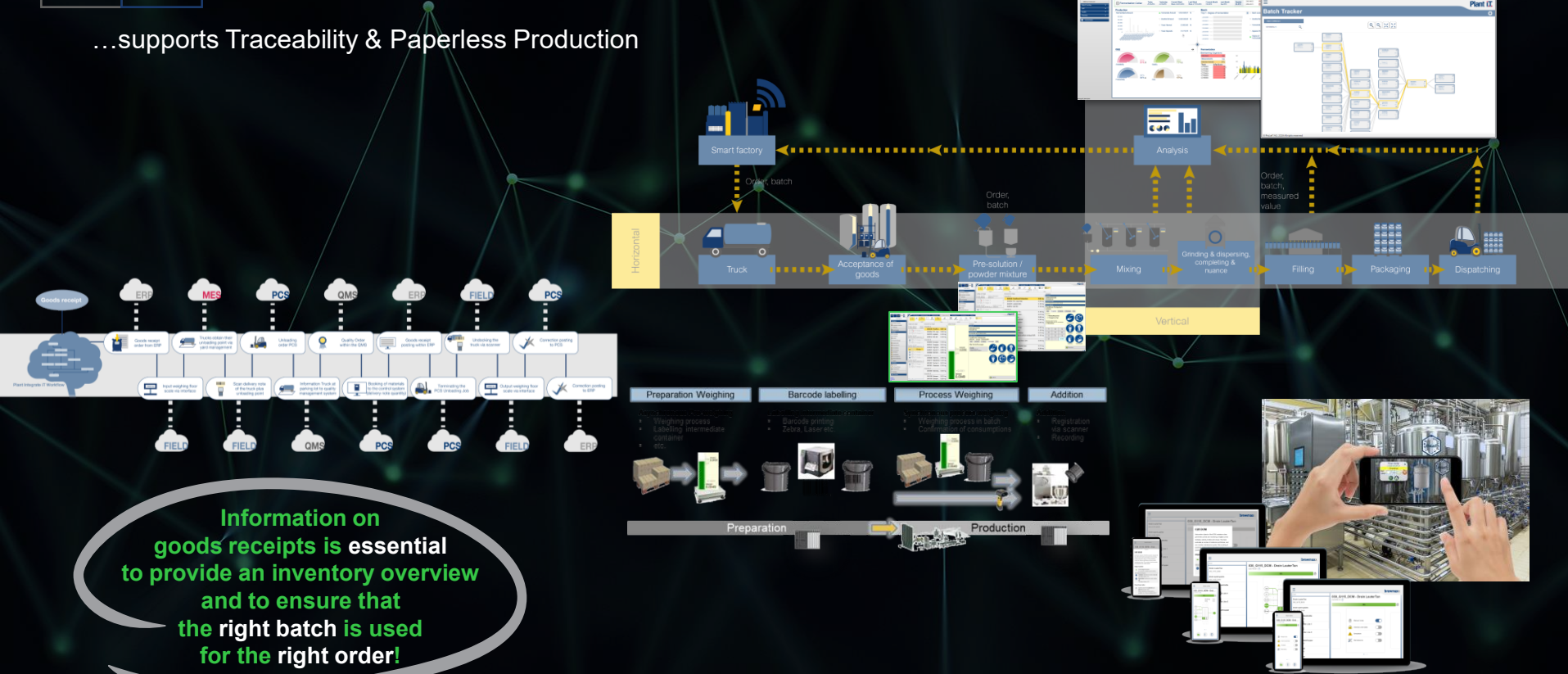
...supports Seamless Data Integration



**80% of projects have an ERP interface, and 90% interface SAP**

# IT OT convergence

...supports Traceability & Paperless Production



# Customized MES for WEILBURGER Graphics

Product quality and transparency



## Customer Challenge

- Address increased demand and competition
- Modernize production facilities

## Solutions

- Two-way connection of MES & existing ERP – orders & feedback
- MES steers the underlying systems
- Optimized automated process flow and exact recipe specifications
- MES customized to create dynamic assignments between mobile scales and weighing stations

## Customer Benefits

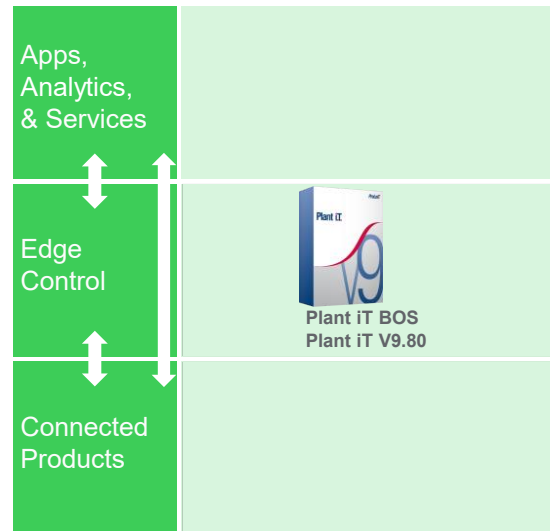
- On-time production and delivery to the customer
- High and consistent product quality
- Preventive maintenance
- Time available to focus on optimization potential
- Production pressure distributed over several shoulders due to the increased transparency.

## The Results: Life Is On with...

High and constant product quality, preventive maintenance, on-time production and delivery to the customer as well as a high degree of **transparency**

[Link](#)

Expand production capacity while being future-ready



# Together Everyone Achieves More

Let's get started!

The industry specific solution for the paint and coatings industry

- Scalable
- Demand driven
- Industry-specific solution
- Open, modular solution
- High level of flexibility
- Can be extended at any time
- Tested technology
- High level of standardization

## Line Automation

Adaptable, scalable and flexible system and add-ons with standard interfaces to generate customized solutions



## System availability

Reliable system, 24/7 support easy adjustments



## Plant Transparency

Visualization and monitoring in real time, integrated and consistent system, ensure traceability



## Operational Excellence

Process optimization, increased availability of machines and plants



90% reduce time for collecting and analyzing data



Up to 10%\* more productivity because real-time analyzing and optimizing without downtimes



100% satisfied customers about their transparent processes



Please connect with



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Life Is On

**Schneider**  
Electric