ABB is interested in solving the critical issues facing the Pulp & Paper Industry globally. Its vast engineering talent (roughly half of the company) is always eager to work on the problems and solutions that have a big impact on its users. Mr. Roger Bailey, Group Vice President, Pulp & Paper Industries - Process Automation for ABB, has been with the company from last 30 years, gave us the ring side view of the company’s metamorphosis form being just a solution provider to growth partners. He talks with team Paper Mart on the ABB’s bigger picture for the Indian pulp & paper industry.

Center of Excellence in China
ABB is all set to inaugurate its new Centre of Excellence for Web Inspection System & Quality Control Systems in Shanghai, China in mid November, 2010. According to Roger Bailey, “The new facility in Shanghai is based on ABB’s continuing strategy to align its footprint with the market demand. Further the Chinese facility was built to serve the global paper industry which will make us not only competitive in the bigger markets but cost competitive for the next generation”.

The Indian Perspective: Growth Prospects & Challenges
Commenting on the Indian paper industry outlook Roger said, “Indian paper industry is growing with CAGR of 7-8% and is expected to reach production of 14 million tonnes by 2015 from current level of about 8-9 million tonnes. The per capita consumption of paper is quite low at 8.3 kg which reflects good growth opportunity for the paper industry. If we look at BRIC nations, China certainly has boomed on its growth path which is incredible. Brazil has now taken a leap of growth being a main pulp supplier to the industry. Russia I don’t think has done so much and India lack behind little bit”.

“In India we face lot of issues at upstream level, for me the biggest challenge is the source of pulp in future. In addition there is immediate need for improvement in infrastructure apart from focusing on quality improvements and reduction in cost of production. But, it’s incredible to see that India is making rapid progress and new capacities have come-up and are planned. One thing I saw that the Indian mills focus more on the domestic market rather than targeting global level. So maybe this is the reason why we don’t see any big size paper machines in India”.

Adding on the importance of Indian market for ABB he said: “Let me tell you,
if we go back to the earlier timeframe say in 90’s we qualify 16 countries where we can have big projects out of the 40 countries where we do business. But today in 2010 we have 8 countries qualify to do the big projects and India is one of them rather I would say out of 8 countries 3 are the Asians. And if we look on the same line of automation or electrification in pulp & paper industry only 5 countries qualify for the big projects and India is one of them. We are expecting to double our business in the next couple of years”.

Growth Partner via Products, Solutions & Service
Our approach to the service is to first diagnose the problem, propose & implement the solution and then sustain the performance. So basically we are focusing on the service product. I believe any automation supplier who can deliver the best service to his customer will win in Indian market. That is why we produce some of the products like drives, electrification systems etc here in India which ensures cost competitiveness too.

We can build a web based software package which can tell the maintenance guy what should be done with the QCS, DCS, Drives & other automation systems of ABB and keep the track of work & monitor the performance. That’s the product we are targeting for the Indian markets.

The strength of ABB lies in the fact that we offer standard solutions to our customers irrespective their size, location. So the reliability of automation that is provided in China or US is the same as provided to the Indian paper industry or for a 3 meter wide machine is same as for an 11 meter wide machine.

Importance of Automation
The Indian market is very cost competitive and there is lack of awareness in terms of what kind of benefits one can reap by installing high level of automation and how the quality of product can be improved ultimately increasing their ROI. In fact, I would say that if you don’t have the automation in next 4 or 5 years on your paper machine you will not be able to run your mill. But, now the mills have started realizing that if they don’t have the QCS system then they cannot get in to the premium market segment. The quality consciousness of the end consumer has increased so much that manufacturers are forced to produce quality product for which they require high level of automation. As a matter of fact during the recession we sold maximum QCS frames to the medium/small mills.

Innovations at ABB
We spend around 6-7% of our global turnover in R&D and then we have separate segment wise R&D budgets. Product innovation is an ongoing process at ABB, but we ensure backward compatibility i.e. all our new products are compatible with existing installations worldwide. Innovation is the key at ABB and we develop new products even when our customers are satisfied with the existing solutions with an intention to offering something new to them.

Pulp & Paper business for ABB in India
We have some major orders from various industry leaders for QCS system, QCS system with Induction Profilers, replacement of outdated drives and 800xA upgrade, QCS with Slice Profiler, Electrics, DCS & PMS which is the biggest export order, and upgrade of drives & controllers. Most of our orders in India are project to product basis which is 75% of the total business. ABB is helping its clients achieve energy efficiency through process optimization, and the orders in 2010 are testimony to this.

Strategy for India
The first priority at present is to continue adding human resource. We have already doubled our workforce last year, and we are going to double it further. Second, is to understand the Indian paper industry and to supply the products according to their requirement and continue to grow with the market. There is huge growth potential in the Indian market as the per capita consumption is low and the big potential for technological upgradation. We are excited about the opportunity for ABB in India and are confident that with our expertise we would be able to partner the growth in Indian paper industry for the long term, he concludes.

Mr. Roger Bailey
Group Vice President, Pulp & Paper Industries
Process Automation for ABB