Coming from outside the pulp & paper sector, ABB’s new manager of the global business unit for pulp and paper has some interesting observations.

COMMON THREADS AMONG INDUSTRIES

By Graeme RODDEN, Executive Editor

By necessity, Christer Skogum, newly-appointed global Manager of ABB’s Paper, Metals and Cement business unit, is a world traveler. Therefore, being based in Dubai makes perfect sense as he is almost equi-distant from all of the major forest products producing regions.

As his responsibilities cover more than pulp and paper, he is able to see trends and events in other industries that could affect the pulp and paper sector.

One trend that is evident in the pulp and paper industry is the push towards being more than ever a "bio-based" industry. To a supplier of power, process and service solutions, Skogum notes that, "From our perspective, to some extent, nothing has changed. If you look at power distribution, the transformation does not make a big difference to us. It does not change our business; we are prepared for it."

He did point out that in North America, the discovery and extraction of shale gas could be a game-changer for the energy sector and help lower the price of gas.

Having spent 17 years in Asia including 10 in China, Skogum still sees Asia as being the growth engine for the industry. "Consumption is related to GDP and as you see GDP rise in the emerging markets, so consumption will rise."

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However, in the longer-term, Skogum also sees the Middle East and Africa as being key growth markets. “We are well positioned,” he continues. “We have revamped our service market in North America and Europe. Most of our new offerings will be in Asia.” Skogum also sees growth in India but “politics can be a problem.”

More and more of ABB’s R&D work in the pulp and paper industry is being done in Asia reflecting his comment about new offerings. “In the long-term, to provide solutions that the people there want, you have to be local. In China, we have a very stable organization with little flux and we just continually add to our core of people.”

To emphasize the point, within Skogum’s entire business sector, the largest local unit is based in China. Eastern Europe is also growing quickly but Skogum says overcapacity in western Europe will move east. Still, he believes that when new mills are built, there will be some in eastern Europe. “It should become easier to do business in Russia so we see lots of opportunities. There is lots of growth in Poland and the Czech Republic, but it is slower in the Balkans.”

ABB is in the midst of transitioning its European center for quality control and distributed control systems to the Czech Republic from Sweden.

Skogum says that ABB is “good at taking care” of its customers in North America. The market is mostly revamps, service and upgrades. However, he adds that there will be some greenfield projects “every now and again” and that ABB is ready to go for these projects when they come along.

He notes that the bulk of revenue from North America is coming from service and upgrades and it is the same situation for the cement industry. He also drew another parallel with pulp and paper when he noted that the cement industry is ready to boom in Russia. In this case, there is a transition from the old wet process to dry cement making.

The Ukraine also has good potential for pulp and paper, cement and steel.

THE CHINA OF EUROPE

One interesting country going against the tide is Turkey, which Skogum calls the “Chin of Europe.” He says there are investment in all sectors under his watch and that Turkey is even exporting its knowledge and products to its neighbors.

Over recent years, the pulp and paper industry has leaned heavily on its suppliers to provide more than just equipment. Increased automation has allowed mills to not only produce a consistently high-quality product day in, day out, but with reductions in technical staff, mills need to rely on their equipment running reliably. Automation can be a way to help mills reduce costs but Skogum says it is neither the only nor the prime way. “Our advanced process control systems are more efficient, but they require more highly skilled personnel.”

Skogum points out that ABB sells its systems/equipment to many industries so that this is the possibility for synergies between industries. It can be the case that something ABB learns from one industry can be applied to another.

He stresses that it is not only a case of cutting personnel that will reduce costs but that advanced automation with trained personnel leads to more efficiency and more consistent processes leading to higher quality.

No matter the industry, Skogum says customers
want competitive solutions with high reliability and good service. And, no matter the size of the client, big or small, Skogum says ABB can tailor make a complete spectrum of solutions in one system for any paper machine from tissue to board. This includes DCS, QCS, CPM, drives, motors and electrification.

How does change happen? “All of the industries we are active in have been around for a long time,” Skogum says. “So, for the most part, it is an evolutionary thing. Such things as advanced process control software and remote servicing are part of this evolutionary process.”

And, he adds, this is common to all the industries in his business unit.

“We do spend a lot on R&D because if you cannot continually improve your products, you are out of the game pretty fast.”

An article in the March 2013 issue of PPI (p. 25) by ABB’s Paul Goss discussed increasing operator effectiveness, dealing with such topics as information overload and the human machine interface (HMI). Skogum explains that ABB has done a lot of work on HMI through the development of big screens, ergonomics (e.g., screen angle and position).

“A lot of mills are not fun places to work and as the younger generation moves into the mills, they must be more appealing from a comfort level. But,” he adds, “it is more than comfort; it is also a health issue.”

To stay competitive in the long-term, Skogum says ABB is striving to develop close customer relationships, “to have real partnerships.” Constant innovation – products, services – is another key. Other factors he mentions are improved communication with clients and on time deliveries. And breakthrough technologies, of which much has been written lately and is the focal point of a CEPI project, is another goal of ABB’s R&D efforts.

In conclusion, Skogum says the company is running a global business but must act locally to properly service its clients. And, in what may be a surprise to many, he says the US has become ABB’s largest customer, outpacing China.