ABB’s CPM Sales and Mill system help Kotkamills Oy to cut costs

Kotkamills Oy has an annual turnover of around EUR 270 million, and exports represent about 90% of total product sales. Worldwide more over 100 pulp, board and paper mills use ABB’s Collaborative Production Management (CPM) solutions.

Client: Kotkamills Oy
Location: Kotka, Finland
Scope of Delivery: ABB’s CPM Sales and Mill system: Order Management, Production Planning, Production Management, Quality Management, Decision Support and cpmPlus History process data management tool, as well as continuous support and version update services.

We have realized considerable savings in our system costs, says Mr. Petri Hirvonen, CFO of Kotkamills Oy.

When Kotkamills Oy receives an order – 200 tonnes of magazine paper, for example – from a customer in western Europe, it takes an average of 28 days before the shipment is delivered. This 28-day period forms a multi-stage logistic chain which includes many variables. An essential aspect of Kotkamills’ day-to-day operations is a smooth order-production-delivery process, since this enables the company to react rapidly to unexpected events such as changes in the logistic chain.

Better integration
Kotkamills Oy was acquired by a private investment firm in 2010, and the change of ownership meant that the company had to rethink its production control and logistics functions. According to Mr. Petri Hirvonen, CFO, the system then in use at Kotkamills Oy was part of the former owner’s Group-wide system, and the company had one year to migrate to its own environment. At the same time Kotkamills Oy wanted better integratability of the individual systems. “System integration has not only brought us new technology but also enabled us to build a system that matches our needs perfectly,” Petri Hirvonen says.

All the systems previously in use at Kotkamills Oy (with the exception of the sales and production control systems at the sawmill and the mill system at the impregnation mill) have been replaced by ‘KOTTI’, an integrated CPM Sales and Mill system supplied by ABB. The reporting function and communication links with the messaging system were also replaced.

Ongoing updates
The project itself was implemented in a dynamic way: less than one year from the project launch, the KOTTI system was already in use at Kotkamills Oy. Not all aspects of the project were completed in a year, but as Communications Manager Ms. Johanna Mäkelä states, the goal was for the new system to take over within a year, and that was achieved.

KOTTI consists of two parts: the manufacturing execution system (MES) and sales and logistics. Petri Hirvonen says that
in spite of the broad scale of the project it remained within budget. So far the overall system has undergone two updates. Non-invasive updates are possible because a productized system approach was chosen. The updates have covered the latest product versions and features specially tailored for Kotkamills Oy. Such features include the addition of price calculation components to invoice lines.

Implementing updates in stages has provided not only a cost effective way to tailor solutions to match Kotkamills’ needs, but also the opportunity to seamlessly manage product life cycles. “Kotkamills Oy is continuously developing its system, and at the same time ABB is evaluating the scope for productizing the features in question. This year’s development work is under evaluation, as are the version upgrades that may be implemented,” says Ms. Tiia Lantta, Sales System Manager.

Real-time information improves transparency
There are many variables in the paper production process. Factors that make production planning and management easier include more predictable production times, reduced trim losses, and storage of end products in the correct warehouse locations. Important quality related factors are consistency of product quality and identification of nonconformities at the earliest possible stage. Improved transparency in reporting and order management makes communication easier and increases responsiveness between production and sales.

KOTTI provides real-time information on the different stages of the order-production-delivery process. It covers the major part of Kotkamills’ logistics function, and also combines sales and production into the same chain. The system delivers plenty of scope to boost production planning, management and warehousing, to manage quality, and to manage orders and process data. “Order handling, invoicing and sales are always up to date. Our operations are more straightforward with KOTTI,” explains Tiia Lantta.

Standardized message format
EDI (electronic data interchange) messaging between Kotkamills Oy and its external partners is handled by a messaging provider. This ensures that the systems at both ends are updated with, for example, unit data for the harbor operator or export information for the customs.

The system is able to process and save even large amounts of information. In the KOTTI system, the number of single inbound or outbound messages per month can reach 20,000. As a result of the standardized message format, message connections can be built and utilized efficiently. This means less manual work and easier collaboration between different partners like agents, harbor operators, custom officers, carriers and end customers.

Effective process management reduces costs
The single integrated system has produced savings in both the cost of managing the order-production-delivery process and the cost of maintaining the hardware and updates. “We have realized considerable savings in our system costs,” says Petri Hirvonen. Use of the KOTTI system will further expand in the future when the extranet solution – which is currently under development – is taken into service.

Fact box
Kotkamills Oy has production plants in Kotka and Tainionkoski, Finland, as well as a subsidiary in Malaysia and sales offices in Germany and Spain. Its product range includes printing paper, laminating paper and sawn timber. The company has certified ISO 9001 quality, ISO 14001 environmental, and OHSAS 18001 occupational health and safety management systems, as well as certified systems for verification of the chain of custody of wood based raw materials.

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