



Metso Automation – at your service!

Time has not stood still for Metso Automation since their last long interview with Valve World in 2011. Since moving to their new premises Metso has demerged its businesses. Metso's Automation, Mining and Construction businesses are the new Metso. The majority of Metso's valves and process automation solutions and related services are delivered to customers working in oil and gas, and pulp and paper. We sat down with Mr. Mikko Keto, President Services Business Line Automation, and Mr. Timo Hänninen, Vice President Services Business Line Flow Control, and during our interview we learned that 'service' is the word of the moment. They told us why service nowadays is of such high importance for customers and also for suppliers. Further, they explained the reasons behind the demerger and shed some light onto the future plans of Metso Automation.

By Christian Borrmann

Onsite interview

For the interview we met up at a special location. Special because Metso Automation not only want to convey a new message to the industry, they also want to emphasize how important this

is for them. We meet in Gdansk, Poland, at the Grupa LOTOS Refinery, which plays a great role in the plans of Metso Automation. It is here that the idea of providing a fully-fledged customer service is a reality.

Says Mr. Hänninen: "The world is changing around our customers and we are adapting to the situation so we can provide them with the services they need in this changing world. What we try to understand is the customers' needs and then tailor service



The refinery is located closely to the Gdansk harbour which enables easy access for transportation.



Mr. Timo Hänninen, Vice President Services Business Line Flow Control, and Mr. Mikko Keto, President Services Business Line Automation.

components and systems depending, of course, on our technical capabilities in that particular market.” – “For example,” adds Mr. Hänninen, “we have an agreement to service all valves on an ArcelorMittal steel production site. The overwhelming majority of valves maintained as part of this contract are non Metso supplied valves. Our service agreement includes all valves as part of a complete offering.”

Improved production efficiency not just maintenance services

When services was created as a separate entity within Metso, there were naturally some doubts and questions at first as to why this should be seen as a separate entity rather than attached to the company's existing product portfolio. “When we formed the services business line it changed the view of services within Metso. Before,

solutions to their exact needs. We have created a separate business line for the services aspect so as to better be able to focus on our customers.” Mr. Keto explains that one of main reasons for developing service as an own product line is that they are then not limited to Metso installed bases. “Helping our customers improve the profitability of their business means providing services and solutions that aren't limited to Metso units only. There are many automotive systems, field devices, pumps and valves out there that were not installed by Metso, but we can still service them and provide solutions to problems when necessary. We decided it would not be good business practice if we did not offer the same service to valves and automation systems from or installed by other companies, especially when they are linked with Metso



Perttu Louhiluoto, President of Automation segment, and Marek Sokolowski, Vice President of the Board, Chief Operational Officer of Grupa LOTOS.

the service side was just a subset of our product range and we had a lot of internal work to do to change the view of how we do business. Now everybody can see that the change is working and we are getting good results," says Mr. Keto who continues: "In addition to providing our traditional maintenance services, we now offer what we call business solutions which go much further than just individual maintenance services and concentrate on improving the overall production efficiency of a plant area. We see helping customers improve production efficiency as one of the biggest

growth areas in services. Customers are looking at ways to optimise the process performance of a particular plant and then to maintain that peak performance over time, something that our customers are demanding our help in now. It nicely complements our maintenance capabilities so it's important for many customers with whom we have a maintenance agreement. The performance service element is like a plug-in. So now we are offering maintenance plus performance services although, of course, maintenance alone is still a very important

element. Taking the whole service side as a separate business element rather than just as a tool to help with marketing is how we have made the service business grow over the past years."

The LOTOS effect

The framework agreement between Polish company Grupa LOTOS and Metso Automation is a perfect example of the way the company approaches helping customers improve operational efficiency. Mr. Hänninen: "We realise that there needs to be a business plan in place for

Metso business service onsite

Grupa LOTOS is one of the biggest refining companies in Poland. The refinery in Gdansk belongs to Europe's most state-of-the-art refineries and has a leading position in the Solomon benchmarking. We spoke with Mr. Grzegorz Bledowski, Technical Director at LOTOS, about the service that Metso is providing to the daily work at the refinery.

Mr. Bledowski, what is the advantage of working with Metso?

Bledowski: We have worked with Metso for a very long time and Metso products have been installed in our units since the refinery started. Some of the valves have been operating for over 30 years and still work very well so we are very satisfied. Currently we have 745 Metso valves in our refinery out of 3600 which means that 1 in 5, or over 20% of our control and safety valves are made by Metso. Their valves are used in our safety systems and as control valves in difficult conditions. So, for me as a customer, it is also important that a supplier has a very strong local office and is able to offer support. Metso's local office is not only a marketing office, but almost an engineering facility as well, and they provide us with very strong support in our day to day activities. It is important for me to know that the response I get from them is helpful, quick and at reasonable cost.

How does Metso provide service to LOTOS?

Bledowski: Metso and LOTOS signed an agreement in September 2013. According to this agreement we utilize a local workforce certified by Metso and services are carried out under Metso supervision. This is important; not only does it mean we can limit costs, not the most important factor, but we do have to take into account the fact that, in the case of an emergency, we don't have to wait for support from Finland. We can do something within a few hours. That's why we have to keep on site sufficient and proper spare parts and we have to be able to repair everything, to find a solution based on local capabilities.

For example, if we have a problem with the units at the plant, with the application, the medium, pressure, dust or rust, together with Metso we can find a good solution to the problem. I prefer to have the problem solved once and for all, not to continuously repair. And Metso provides exactly this service and support via their Polish branch office.

Are you thinking about extending the agreement?

We have been working together in this way only for the last 6 months. I think that it will take a year to see the real effects, especially in terms of contractual stock because we have shifted responsibility and ownership of contractual stock from Grupa LOTOS to Metso as part of the new strategy. In early 2014, we will look at the figures and review the situation but I'm sure we will see successful results after the first year – it's a win-win agreement.

During negotiations, Metso demonstrated a very positive attitude and flexibility. Our internal service company, Grupa LOTOS Service can also learn from it and improve their know-how and in turn they can learn from our experiences, so both companies get something out of it.

Are you planning on doing something similar with other companies?

Yes, definitely. The agreement with Metso offers a very good lesson in taking the next steps towards this. We are planning similar activities in rotating equipment. I intend to make an agreement with a pump supplier which I hope will go ahead this year. It is important to LOTOS to utilise a local workforce, to make more or less the same framework agreement in terms of supervision, stock and spare parts responsibility and investment for pump equipment and the control systems. Metso has set a high standard in terms of flexibility and customer approach so another company will have a lot to live up to. So you can imagine we are very pleased that we have such a good relationship and I hope that they will continue to play a bigger supply role in the future with us.



Aerial shot from the Grupa LOTOS refinery.

the customer to work with us and we are fully transparent in our agreements in trying to quantify the benefits to the customer. They know that our interest is in growing the relationship over time. These long term relationships are based on open and honest communication and trust – they are placing their trust in us and we need to respond to that trust. From our point of view service is our key growth industry and our strategy is to invest in long term relationships with our most important customers, especially in the oil & gas sector. We don't necessarily go for the quick wins where we make money fast, we want to establish the foundation for a long term relationship. As part of that we feel that having a business focused service agreements, a maintenance presence at the site or near the customer, looking after their valves and operation, is key." And Mr. Keto adds that "in the service agreements we have in place now, the



A Metso Automation Service technician working at a plant.



rules are customer driven. They have asked us to help them on particular problems and we have developed solutions together with them. We've been working to this kind of service solution now for quite a number of years. It has become very popular and, once we have agreed the proposals and the targets for the service solutions as required, there has never been a cancellation of any agreement, not a single one. We now have about forty agreements at forty different sites, so it seems that we offer a service solution that fits the customers' needs. Of course each agreement is tailor-made to meet each customer's exact demands but so far it's all very promising for both parties – a win-win situation." To see the customer's point of view on this framework agreement, please have a look at the box on page 3.

Customers are the highest value

So, how will this new approach work out for Metso and its customers over the coming years? "Our customers are obviously the centre of attention," says Mr. Hänninen. "Since our customers are always evolving and are looking for partnerships and since we want to be their partner of choice, we have done a lot of work in creating our service solutions and service products. They are easy to understand, easy to use and have

needs based services which is the way the world is going – services must match needs! Everybody has different processes and we need to take those into account and look at availability and process performance."

It is not enough for suppliers to sit back and let the customers come to them for help and service – both parties have to meet half way in order to achieve good results together. "Another area we want to zoom in on even more as part of our performance service is risk management. We have seen an increasing demand from our customers to look at areas where they can improve safety and environmental issues. For example we have often been called in to look at emission issues, maybe there is a problem at a plant and the customer cannot find a reason for it. We have had quite a few cases that have required investigation into the cause and recommendation for solutions. Environmental aspects have seen an increase in demand as well," Mr. Keto tells us and he concludes: "So you can see that we are constantly trying to improve our service line. We want to get closer to our customer not only in terms of location but even more in terms of cooperation. And examples like the LOTOS refinery here in Poland show that we are moving in the right direction with our Metso approach of service."

34 and counting

In May 2013, Metso Automation opened their 34th service centre in Waddinxveen in The Netherlands. Being an important part of the performance service line, the number of these centres will keep increasing over the coming years. The reason is simple as Mr. Keto points out. "The idea is to be a global company for determining consistent process and quality standards for the service but with the execution of the work being on a local level." Valve World attended the opening and made a video report which you can see here: www.valve-world.net/metsoholland

