

Customer case:
**Running an advanced
paper mill in Indonesia**

**Interview with Mill Manager of
Riau Andalan Pulp & Paper
04/2008**

We had the opportunity to hear the views of the mill manager of APRIL Group's Riau Andalan Pulp & Paper (RAPP) complex in Kerinci, Sumatra, Indonesia. The mill is one of the biggest uncoated fine paper mills in the world for paper production. Kerinci mill is totally integrated. The pulp production reaches over 2 million tons, of which 25 % is used for paper production. The rest of the pulp is sold to non integrated mills all over the world. 75 % of the paper mill production is sheeted in the converting plant and rest is sold as customer rolls.

The entire paper mill is run by less than 800 people including logistics activities.

Mill Manager states that *"In terms of paper making operations and systems supporting the operations, this mill is one of the most, if not the most automated and advanced mill in the world".*

The facts to support the statement is impressive. RAPP has a brand new PM2 paper machine, and there has not been any expertise or money spared in equipping it with the best available processes. Also 10 years old, PM1 has been frequently upgraded to increase its productivity. All the supporting machinery for the paper machines and converting plant has been carefully evaluated; cut-size and folio lines operate on state of the art technology. A brand new leading edge high bay warehouse is the link connecting paper machines, converting plant and finished goods warehouse.



The senior management's and the owner's vision is sustainable operations in Indonesia, and therefore they want to have the best people and best equipment available. The biggest advantage that they get from automation, according to the Mill Manager, is consistency of quality and production.

He has seen that “The more automation there is, the better you can control your finished products, there will be less interruptions in operation, more paper can be produced, and automation also saves labor costs”.

The Kerinci mill uses a lot of resources on teaching and training employees. They have a vision to maintain the workforce updated to the latest technology, because it also motivates the employees. The attractiveness of a modern process is also important while recruiting personnel.

He envisions that there will be even more automation in future. For survival in pulp and paper industry a company needs a competitive edge, which can be either in operations, in fiber supply, in energy, in labor and in the market where it operates. If the company is lucky, it can start with a competitive edge in operation by having a brand new paper machine. He argues that a company in today's world must have at least three edges sharp.

In North America they have only one edge 'given', the markets. The ones that are surviving in States have special edges; low cost energy from own hydro plants and some in fiber by using recycled paper. Generally production facilities are not very modern. He thinks that the European companies saw these matters ahead and started to improve their level of automation, which gives more efficient operation advantage in tight markets. Old mills in Europe were modernized years ago. In Asia many mills are surrounded by fiber, energy and labor costs are typically low and the markets are nearby. RAPP is purely family owned, and according to him it's being managed differently than public company, and the company will continue investing to keep their five edges sharp. Additionally RAPP produces paper and pulp in an environmentally friendly way.



RAPP's Kerinci mill, according to its strategy has widened the utilization of automation also to materials handling, and fully automated Pesimal warehouse is the key in roll handling. He points out that they don't have 40 - 50 clamp trucks running around in a warehouse. Clamp trucks are associated with damages, mistakes and errors that can happen with all the people and manual activities with rolls.

“Pesimal was concluded to be most suitable for us” said the production manager of the new paper machine. They studied different cases and ended up ordering from Pesimal.

Whether the investment in automated warehousing was something they would do again becomes answered clearly by Mill Manager: “Yes it is”. He has detected significant differences between companies regarding attitude towards automation. There were some visitors from a major company in the industry during the start-up of the warehousing system asking, what was being built. He told that they are building automated warehouse that will take care customer rolls and be intermediate storage for converting plant rolls. The visitors didn't believe in automated roll handling and they don't support any automated roll handling facilities in their mills. There are different philosophies. Mill Manager comes from newsprint business where there are no automated warehouses in the business, but when entering this kind of business he realized the meaning of automated warehouse. This mill was the first one to him, which has an automated warehouse and there are no chances for human errors.

“I think that automated roll handling after the paper machine is the way to go, I'm sold on than one, no questions on that” he said. He continued “it's just more efficient than not doing it, when you evaluate costs with benefits, the benefits are way higher”.

The biggest benefits are: Rolls are never damaged, labour required for logistic is much less and the right products are sent to the customer.