Tangible Benefits for Södra Cell Customers with Award-Winning Planning System

Capgemini helps Södra Cell develop an online portal for rapid information exchange, reduction of administrative time for ordering and drastic releasing of tied capital for customers

The Situation

Södra Cell, one of the world's largest suppliers of market paper pulp, is a company owned by over 50,000 private forest owners in Sweden. Findings of a survey conducted four years ago revealed that Södra Cell's customers wanted access to market information, be able to purchase pulp at fixed prices and access better logistics and IT services. Sharing information seamlessly between customers and Södra Cell would serve business objectives.

The Solution

Capgemini worked in close cooperation with Södra Cell to develop a unique solution to allow Södra Cell to own and manage its customers' paper pulp stocks regardless of the underlying IT infrastructure. Developed using Microsoft's .NET technology, the solution is based on a customer portal called "PulpServices Online." It allows smaller customers to manually administer their pulp needs, while larger customers can choose to integrate their business systems with Södra Cells'.

Regardless of the interface, information is managed directly in Södra Cell's business system. The portal ensures that Södra Cell and its customers have full control over the exchange of logistical information at all times. It also contains a complete tool for Supplier Managed Inventory (SMI), under which Södra Cell takes responsibility to manage customer stocks.

The Result

Södra Cell's IT investment has already paid off in improved customer relationships and more accurate production planning. The company has been able to create an attractive service that has resulted in simpler work routines for itself as well as its customers. For Södra Cell, production planning is more accurate with the added value of customers not needing to keep the stock in their books.

> **"Capgemini's unique cooperative approach, innovative ideas and careful analysis of our challenge helped us to deliver tangible benefits to our customers. It also helped get our solution in the spotlight with a Microsoft award for this year's best integrated e-business solution."**
>
> **Jonas Richardson,
> Customer IT Manager,
> Södra Cell**

Customer can cut capital tied up in stock by up to a million euros and inventory costs by up to €200,000, annually. Working routines have been greatly simplified for all parties. Customers report that they can cut the administrative time of ordering and stock-keeping by 180–450 hours per year at each paper mill, thanks to automated processes via the portal and message exchange service.

How Södra Cell and Capgemini Worked Together

In order to ensure that correct quantities of pulp are available at customers' sites, Södra Cell relies on effective forecasting, delivery planning and consumption reporting. Customers send daily reports to Södra Cell's business systems on stock level, consumption and goods receipt; forecasts are sent weekly.

"Our mission is to use IT to reduce the transactions costs for all parties in our supply chain," says Jonas Richardson, Customer IT Manager at Södra Cell.

Capgemini and Södra Cell worked together to develop an IT solution that facilitates SMI, with functions for entering, viewing and analyzing forecast accuracy as well as seamless system integration. The challenge was to ensure that the solution was:

• Flexible — to manage exchange of data from different formats and platforms for customers
• Transparent — to allow each customer to easily retrieve all SMI information from Södra Cell's systems.

Södra Cell entrusted Capgemini with the task of creating an adaptable IT architecture that could dynamically link to a range of customer formats and methods, including automatic processes and manual handling. This would facilitate two-way linking of systems between Södra Cell and its customers.

The result of the cooperative effort is a highly flexible customer portal that acts as a seamless "service provider" to a variety of customers. Capgemini brought its expertise to bear fruit on a portal that supports all types of IT systems at the customer end. This is irrespective of incoming data emanating as message-based in any given standard, sent by e-mail or input via the user interface in PulpServices Online. The solution allows

even smaller businesses to enter their forecasts to Södra Cell without needing to integrate their infrastructure directly with the system.

Södra Cell customers have warmly embraced the service. Södra Cell currently manages inventory at 23 paper mills throughout Europe.

"About 20% of our delivered volumes today go via SMI, and it's likely we will reach 25% by the end of the year," says Jonas Richardson. The portal also allows customers to access value-added services like reports of delivered volumes, world market price development, fixed price offers, exchange rates, call-off planning and newsletters. This allows Södra Cell to forge deeper ties with its client base.

The solution, an example of Service-Oriented Architectures, was appointed the year's best integrated e-business solution at the prestigious Microsoft .NET awards. Capgemini remains Södra Cell's development partner regarding PulpService Online and the e-Hub. The latter is a message broker solution supporting integration at the edge of Södra Cell's applications to those of its customers. The solution at Södra Cell is also an example of a Mashup Corporation. (http://www.mashupcorporations.com/)

Capgemini Sweden
Manufacturing, Retail & Distribution
Consulting & Technology Services
Portals – Microsoft .NET
Service-Oriented Architecture
Supply Chain Management

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In collaboration with

SÖDRA

Södra Cell is one of the world's largest suppliers of paper pulp, and the largest company in the Södra Group. Employing 1,700 people and owned by 50,000 forest owners, Södra Cell produces two million tonnes of paper pulp annually. Some 90% of its customers are located in Europe, the rest in Asia. The head office is located in Växjö. For more information, visit **www.sodra.com**