



Crescent Dunes Solar Energy Project located in Tonopah, Nevada, USA. Much of the steels used come from Outokumpu. Courtesy of Cobra Thermosolar plants.

Outokumpu: Creating added value for customers

Outokumpu is celebrating 100 years of working with and producing stainless steels, having been involved with these alloys since their discovery. The company has grown to become known worldwide, having one of the broadest product portfolios and customer bases in the stainless steel industry. In the present era in which the megatrends driving stainless steel demand are economics and population growth, mobility and urbanization, and climate change and limited resources, Outokumpu's mission is to create advanced materials that are efficient, long lasting, and environmentally sound. Stainless Steel World went to Helsinki to talk to Olli-Matti Saksi, Senior Vice President - Sales, Stainless Coil EMEA (Europe, Middle East and Africa) about Outokumpu's vision for the future.

By John Butterfield and Gillian Gane

Putting the customer first

"When you do business with Outokumpu," begins Olli-Matti Saksi, "you can always rely on certain promises. Perhaps the most important of these is the quality of our products. They are always fit for

the purpose, and consistently so.

Every company likes to think that they constantly achieve the highest standards but we can actually say this without arrogance since we regularly measure our customers' satisfaction and this is, without

fail, positive. In fact, in assessments we tend to score better than our key competitors, excelling best with regard to customer expectations for quality and delivery performance. This does not mean that we never have problems. All



Olli-Matti Saksi.

companies do. However, when they occur we solve them with the customer fairly and quickly. It is the customer's opinion that matters most to us."

Cost of ownership and shorter lead times

An important factor in providing customer satisfaction is Outokumpu's technical expertise. This has not only to do with producing top quality goods but also in advising their customers in selecting the best possible materials to solve the challenges with which they are faced. By doing so customers can keep the cost of ownership down and get the best value from the selected materials. Outokumpu's technical engineering staff are renowned for their expertise when it comes to understanding materials and products, and in providing appropriate solutions to meet customer expectations.

Outokumpu's customers rely on this. Increasingly important for Outokumpu's customers is the efficiency with which they can use their working capital. In today's world of limited financing possibilities, almost all industries and

customers are concerned with reducing the amount of capital they have tied up in product stocks, work in progress and receivables. As suppliers, Outokumpu feel it their duty to help their customers achieve this goal by, for example, ensuring deliveries are always reliable and on time so that customers can reduce their buffer stocks. A parallel common theme in Outokumpu's customer relations is 'total cost of ownership' – by which they offer a balanced package in which quality, technical expertise, delivery reliability, and savings on working capital are provided at a price that offers better overall value than that of their competitors.

A further important issue is 'lead times' – from order to delivery. The shorter the time between these dates the more reliable the delivery will normally be as there is less room for things to go wrong within the production/delivery chain. And with shorter lead times, the customer is able to react to capture new business that would not have been possible otherwise. Outokumpu's ability to react successfully to customers who are not always able to accurately predict their needs enables these customers to still keep their levels of working capital issues low whilst also enabling them to react to suddenly emerging business leads. It achieves all this through innovative solutions. Mr. Saksi: "Firstly, even in a traditional supply route from the mill to the customer with made-to-order products, it is possible to reduce lead times from six to just three weeks by smart production planning. We do this without increasing our working

capital dramatically or increasing our inventory. The Outokumpu way to reduce lead times is to think smart and our Tornio works is especially masterly in this."

Outokumpu also reduces lead times by using logistical solutions from its Tornio and German mills to the market, for example with 'big runners' – material specifications that sell at a constant rate. By forecasting these flows Outokumpu is able to maintain continuous supplies in standard stocks to the marketplace. This results in very competitive lead times as low as three weeks. It is a solution that provides big advantages for their customers.

In exceptional cases of very tight lead time requests, for example, when an end-user needs a product in a day, or even less, Outokumpu will supply the goods from their integrated service centres. These carry a customer-dedicated core stock of materials which can be cut to size according to customer requirements. Their role in the supply chain is to provide stock and act as a buffer between manufacturers and end users. Normally the shorter mill lead times currently provided by Outokumpu combined with deliveries direct from the mill to the end-user will be enough to satisfy most customer needs. Nevertheless, a clear trend is for the more demanding end-user applications like the automotive and domestic industries that do not wish to carry large amounts of stock to increasingly use the service centre solutions, from which complete packages can also be offered.



The new ferrochrome works in Tornio, Finland, June 2013.



Inside the Tornio works in the hot-rolling mill.

Tailored deliveries and pricing

Outokumpu realises that it is part of a very sensitive supply chain which, for instance, can halt production in an automotive factory if a delivery is missing and where stocks are kept lean. “To be successful you can never let these industries down. On the other hand we have customers who carry stock but for whom the most important thing is to deliver exactly when we promise. It’s all about knowing the customer needs. At the end of the day, each service carries a price and our customers are very cost conscious. They are facing tough competition and when you can cut costs for the customer you will have a good result.”

“Our prices are not necessarily always the cheapest: this is not our aim. If you provide something cheap but which does not last because it corrodes very quickly or does not have the required strength then you do not service your client well. Our intention is to provide our customers with the best solution to fit their needs whatever these may be. Increasingly clients want to look for long-term solutions, which are ultimately saving costs. As a result our engineers will sit down with them to analyse what these needs are to find the most viable cost-effective solutions,” continues Mr. Saksi. “In today’s market there is far less speculation about prices and hence

less stock piling. End-users want to keep their stocks relatively low and specifically defined to just meet their real business needs. Outokumpu sells friction-free production time so that customers do not have to unduly worry about price fluctuations. This ultimately means that customers can invest their money better in their businesses, which also means more profitability for them. The price of metals will continue to play a role in pricing but it is no longer the most important factor in the equation. This trend is likely to remain and suits those suppliers who are knowledgeable about aiding customers to achieve total cost of ownership.”

Product range

Outokumpu’s product range is probably one of the widest of all producers globally. It includes everything from very thick plate to very thin precision strip, long products including stainless rebar, flat products for all purposes, as well as the widest sheets, and the thickest materials. It is therefore a good company for one-stop shopping for customers working in various business fields. Mr. Saksi: “Apart from our product range, we also notice that customers come to us because they can trust us. Our products are reliable and we have the in-depth knowledge in-house to advise them on the right choices and materials.”

“Our offering also includes various added-value services such as edge preparation for welding operations, bending or corrugating of plates, figure cutting or even added-value products such as beams and profiles from our plate service centres.”



Some of Outokumpu’s products.



Rolls of strip at the Tornio works.

Reliability of deliveries

Another important aspect in Outokumpu's total footprint is their reliability to keep to deliveries even when unforeseen circumstances arise. Since they own a number of mills and factories in the US, Europe, and China capable of producing the same products and specifications, customers need never worry about getting their products on time. For example, when recently there was a problem in one of their mills they were almost immediately able to reroute the order

through one of their other melt shops with no compromise to the customer order. Not only is this ability good from a reliability perspective but it's also especially important for some customers who are global themselves, for example, automotive and domestic appliance customers. Being able to serve customers globally is a big advantage. The tendency is also for end-user companies to globally source ever larger contracts so it is important for them to work with companies who can supply anywhere without risks. Mr. Saksi: "Outokumpu is probably the only company at the moment in stainless who can offer this sort of global project management".

New products and innovations

"Outokumpu is strong in R&D," continues Mr. Saksi. "With centres of excellence in Finland, Germany and Sweden, we have recently launched FDX™, a new, enhanced duplex grade whose importance lies in the fact that it offers better formability than traditional duplex." Similarly new are laser surface finishes, which are significant for architectural products. They are provided in a multitude of products and grades, from sheet to strip, wire, and tubes. "In this way we remain at the forefront of innovations," says Mr. Saksi, "for if there is a criticism of our industry as a whole it is that innovations generally happen too slowly."

Outokumpu is continually searching for how it can provide new products which

meet changing customer needs. "If it is not a question of product enhancement then it is undoubtedly a question of how we can reduce product costs. Within total cost of ownership, price remains a very important purchase criteria for all our customers. This means that we need to keep our costs down and this is an area where we are working strongly at the moment because we intend to be here in the long term and be able to match the tough competition from imports and elsewhere."

Looking to the future

"For the future," says Mr. Saksi, "we will continue to provide innovative and ground-breaking sustainable products to the industry through the work of our R&D department particularly to the architecture, energy, water supply and automobile markets. For instance, the automotive industry constantly seeks lighter and stronger solutions from suppliers. I think stainless steel has a significant role to play in innovations not only because of its corrosion resistant qualities, but also because of the metallurgical qualities that we can give it. We intend to continue to remain at the forefront of providing these industrial solutions."

Another goal within Europe is to create a fully integrated Outokumpu with one identity in the hearts of all employees all over the world. "It will take time", says Mr. Saksi, "because of the varied histories of the companies that now make up our concern like Inoxum, Avesta Sheffield, and of course Outokumpu. However, work is in progress in making everyone feel part of the mother concern."

Ferrochrome ramp-up

In recent years Outokumpu has invested heavily to increase its ferrochrome production capacity in Tornio and the ramp-up has been very successful. Own ferrochrome now covers the majority of the company's needs of chromium for its production processes, meaning that the company is the only steel producer with this significant production advantage. Reserves in the mine will be abundant for many years to come and are excavated using high levels of automation and technology which will ensure a price advantage for Outokumpu for the future.



The Burj Khalifa, one of the world's tallest buildings, constructed with the help of Outokumpu steels.