

Stora Enso Predicts a 2.5% Savings Using Allocation Optimizer

*“We went with Remsoft
because of its proven
technical support
and quality products”*

Kari Easthouse
Manager
Forest Resources

As anyone who deals in forest products knows the process of managing product mix, scheduling, distribution and production assignment, product procurement, inventory management, production scheduling, product line management, etc., involves thousands of decisions that must be made at minimum cost and for maximum profit. In many cases these decisions are made from as many options. That's a lot to consider, and that is what Remsoft's Allocation Optimizer has been designed to address.

Paper products maker, Stora Enso, excels at managing these processes. Stora Enso is North America's leading producer of coated and super calendared paper. It manufactures coreboard products as well as specialty paper for packaging and labeling consumer products. To manage this as efficiently as possible, Stora Enso's logistics specialist implemented an extension to Remsoft's Spatial Woodstock software called Allocation Optimizer and linked its forestry planning, field service and office management software.

Now partially implemented, Allocation Optimizer has enabled Stora Enso to better coordinate its contractor resources as it determined what contractor harvested which forest areas, and what mills received which products. Once fully implemented, Stora Enso will determine in what year and season activities will occur to meet environmental requirements.

According to Kari Easthouse, manager, forest resources, Stora Enso executives were seeking ways to increase the number and range of products provided to customers as well as the number of production destinations. In other words, the company wanted to meet greater demand by increasing efficiencies in the way it delivered wood to saw mills and received wood chips for making newsprint and Stora Enso's super calendared paper. The company also hoped to expand its product offerings to serve the bio-fuels industry, which would add one or two new destinations to their logistics planning.

“Since our increased operations would have happened anyway, we were actively looking for a solution,” says Kari. Remsoft was easier and more efficient to use. In all, we now have approximately 20 regular contractors, and we wanted to be sure we optimized which contractors would be assigned to which harvest blocks and also what products would go to what mills. Of course, year and season information is very important, too.”

In 2005, Easthouse's team studied three years of data and analyzed the decisions they made relative to what contractors they used, what products were used, where the products went and the timing of these activities.

“We asked, ‘If we had made the decision and optimized the problems, how much money would we have saved?’” The answer was approximately 2.5 percent.”

Solution

Easthouse explains that he heard about Remsoft's Allocation Optimizer from contacts within Remsoft.

He told his contact, "We have this issue."

The issue was that, prior to implementing Allocation Optimizer, Stora Enso's operations used a combination of spreadsheets fed into an existing system. Optimal decisions regarding allocations were not being made, and forecasting and budgeting were difficult.

Remsoft's products, including Allocation Optimization, are so sophisticated and flexible that the Stora Enso information technology staff was able to integrate them with the existing system within four weeks.

"With Allocation Optimizer in place, we have been able to communicate the most recently optimized data to our field managers all at the same time," says Easthouse. "When integrated with our enterprise management system, Allocation Optimizer allows multiple access and updates to our information. It's all current, managed and backed up. We're not completely installed yet as it still needs some more development and final testing, but we expect to easily meet our go-live date of January 1."

Integrating Allocation Optimizer has made it possible to quickly determine how operational and logistical changes will impact the company's overall resources and profitability.

Easthouse says that Woodstock's spatial integration feature is "great and outputs directly into our existing systems," which makes it current and freely available to all field staff.

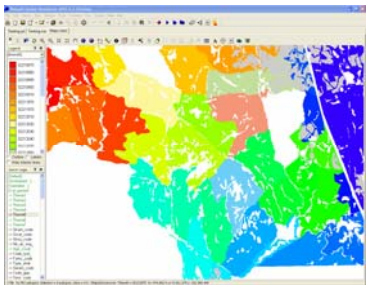
Results

"Most of the time was spent on the integration with our existing systems," says Easthouse. "Allocation Optimizer was very easy to implement. We trained for two days at Remsoft's facilities in Fredericton, New Brunswick, and it took only four weeks to use it with confidence."

"We now have better information in the hands of the people making the planning decisions," Easthouse says.

He adds, "We estimate that integrating Remsoft's Allocation Optimizer software with our existing forestry management and other office systems will yield us a 2.5 percent reduction in delivered wood cost."

The value of Remsoft's Allocation Optimizer for Stora Enso and companies like it includes having the ability to explore supply strategies and trade-offs between or among different destinations and to accommodate and address management complexities that maximize the value to the organization.



Source	Product	Destination	Residual Products	Residual Destinations	Title
VNF	VP	Chapais	ML_chgs	Hardwood	Products Processed
VNF	VP	Frederick		Power	External Products
VNF	VP	Hardwood			Destination Capacities
VNF	VP	Hardwood			Yield Origin
VNF	VP	Hardwood			Residual Revenue