

Chapter XIII

Integration of Business Systems and Applications in Merger and Alliance: Case Metso Automation (Formerly Neles Automation)

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ABSTRACT

The strategy of Metso Corporation and its business units is healthy, profitable growth achieved organically, by acquisitions and by new developments. This strategy means that Metso Automation system architecture will be multiple platforms, multiple sites and multiple applications exchanging information in the global business process.

Metso Automation system development is globally coordinated and continues, based on this modular network-centric system structure. Each operative function such as sales (and sales office), manufacturing, product engineering have its own system application. These systems are loosely coupled together with agreed, standardised communication messages like order, invoice and order status.

These two company integration cases show that the integration of modular systems can be done in a reasonable timeframe and with limited system technical work, and the main business goal, better service to the customer, can be reached.

METSO CORPORATION-- FROM MERGER TO MERGER

Short History of Rauma Corporation

Rauma-Raahe Oy was founded in 1942, from the amalgamation of a number of sawmills and timber companies that had grown out of steam sawmills.

The first major merger in Finnish business was that of two important sawmill and timber companies, Repola-Viipuri Oy and Lahti Oy, with Rauma-Raahe Oy. The result was Rauma-Repola, officially described as a timber processing company, focused on the sawmill industry and pulp production.

Rauma-Repola embarked on a series of major corporate acquisitions in the 1980s. The company purchased Neles in Finland and Jamesbury in the USA, merging them in 1988 to form Neles-Jamesbury, which became Neles Controls in 1997.

Before this in 1987, Rauma-Repola bought the leading European crusher manufacturer, Bergaud, and its subsidiaries. In the same year it acquired Nordberg UK, followed in 1989 by two other large companies, Nordberg Inc. and Timberjack Corporation in the U.S. The Swedish company, Sunds Defibrator Industries AB was purchased in stages during 1988-1991.

The name Rauma-Repola became history when it merged on January 1, 1991, with the major Finnish forest industry corporation, United Paper Mills Inc. Repola Corporation was the result, a privately owned company with operations divided between the forest and the metal and engineering industries. The new company's metal and engineering side was the concentrated Rauma Corporation, Repola's new subsidiary.

Short History of Valmet

In 1946, several metal workshops owned by the Finnish state were merged to form the Valtion Metallitehtaat (the State Metal Works), later renamed Valmet Oy. The company made ships, aircraft, weaponry, locomotives, tractors, marine engines, elevators and of course paper machines. Valmet began to manufacture paper machines in the early 1950s, at the former Rautpohja artillery works in Jyväskylä.

Valmet streamlined and renewed operations in the 1980s, beginning to focus more on paper machines and related technology. The company's Shipyard Group saw out its last year in 1986, when Valmet sold its shipbuilding interests to Wärtsilä, buying in return Wärtsilä's paper finishing machinery unit with facilities in Järvenpää, just outside Helsinki. This was combined with Valmet's existing paper machine division to form Valmet Paper Machinery Inc., which started business on January 1, 1987. For Valmet, the 1980s were also characterized by rapid internationalization.

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