LETTER FROM RUSSIA

By Leonid Ototsky and Igor Vier, Chief of the Perspective development and Investment Department of the AO MMK.

There is a major reorganisation and restructuring of the Russian industry today. New economic conditions are forcing enterprises to become internationally competitive, see first Letter From Russia in the April issue of the Engineering Data Newsletter. To put this into perspective let us take one example.

Magnitogorsk Iron & Steel Works (AO MMK) is one of the 20 largest and best-known steel making companies in the world. AO MMK has a complete metallurgical operational cycle and is the leader in Russia in Ferrous Metallurgy. It produces the largest variety of rolled metal products in Russia and the CIS, ranging from slabs, billets, long and flat products, profiles, rod to high technological finished products. It also exports its metal to over 30 countries of the world. The net assets of AO MMK amount to 4.5 billion USD and the total number of employees was about 63000 in 1995. The 1995 output included;

- pig iron: 6.8 m tons
- steel: 7.7 m tons
- ready rolled products: 6.5 m tons.

Obviously for such a large enterprise to compete in the world market, it needs comprehensive and modern IT infrastructure. First steps in this direction were taken under the Ministry of Metallurgy of the USSR in 1989 - 1991, which led to the introduction 6000 computers in a number of the major industrial complexes of which MMK was one. Now MMK has one of the most advanced TCP/IP environment in Russia with more than 500 computers, including powerful SQL servers, Ethernet, microwave, optics; and domestic email, Web server etc. However from the integration of business processes point of view, many "islands of automation" still remain due to the lack of standardisation of terminology, database structures, data formats etc. etc.

Although there were many previous attempts to analyse and redesign the business processes, these were limited to "manual design and programming". The result was more, not less, islands of automation in the form of PC-based point solutions. This was not limited to AO MMK, and is typical of what we call the "PC revolution" that has been taking place in Russia over last 6 years. For example, in the engineering departments only stand-alone 2D AutoCAD are used, with no CAE tools and only manual interface to the manufacturing systems. Obviously, such systems do not meet the needs of AO MMK in the new economic conditions.

After being privatised, MMK acquired the status of an open-type joint stock company with only about 17% of the shares belonging to the State. A comprehensive Business Plan was developed with the help of experts from Western firms ("agiplan", KPMG etc.). This plan includes a major 5 year investment programme amounting to 1.2 billion USD. The plan includes investment in new production facilities such as Cold rolling mill, Gas turbine power plant, Aggregate for

Al-Zn coating, Coke gas treatment plant, Slag processing plant etc. The plan also includes a major re-organisation to the management and IT structures;

- integration of IT under modern MIS (MRP/ERP system) including enhancement of audit and control,
- implementation of modern Project Management System,
- implementation of flexible Product Data Management System with high conformance to international standards.

As a preliminary step in this direction the consulting firm KPMG will conduct auditing and analysis work for product selection.

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SHOW AND CONFERENCE REPORTS

Object World UK '96, London 18-21 June 1996

Object World UK is part of the worldwide series of events sponsored by the Object Management Group (OMG) focusing on the commercial and practical aspects of Object Technology (OT). The exhibition featured 36 OT product and service suppliers and developers. Products being exhibited include database management systems, object request brokers, windows management systems, languages, client/server development tools, desktop environments, GUI builders, class libraries and design and analysis method tools. Also represented were suppliers of training, consulting and information services.

The event is still technology biased, i.e. catering for the developer rather than the end user, and market sector focus is still on financial and telecom applications. That said, IT managers in the major engineering and manufacturing companies should find of interest the object request broker technologies from Digital Equipment Corp, ICL, and Iona Technologies, and the offerings from Unisys and Software One (see News Roud-up). This kind of technology can form the "glue" to integrate the new generation of CAD/CAM, PDM and MRP applications with legacy systems as well as with each other.

The accompanying tutorial and conference programme was also technically biased. It covered how business and technical professionals use OT to solve real-world problems in several industry sectors, including financial services, manufacturing and telecommunications. "The end-user representation in the conference and tutorials has increased from 25% in 1995 up to 42% this year. We've also exceeded last year's total delegate count of 245," said Eric Leach, Manager, Object World UK. Delegates to the conference and tutorial delegates have travelled from all over the UK and from many foreign countries, including Belgium, Denmark, France, Norway, Sweden, Switzerland, Taiwan, The Netherlands and USA.

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