

HELSINKI SHIPYARD – STRIVING FOR EXCELLENCE

Helsinki Shipyard – the well-known pioneer in passenger shipbuilding – exited that sector in 2009. Under new ownership and management since 2019, today the experienced yard located in central Helsinki is back in business, building three expedition cruise ships. CruiseBusiness.com Magazine spoke with the new President and CEO Esko Karvonen and the Senior Vice President of Sales Markku Kajosaari about the shipyard's new direction and its future.

By Kalle Id

Helsinki Shipyard Oy gained a new President and CEO in the beginning of February, when former CEO **Carl-Gustaf Rotkirch** moved to the position of board member with responsibility over developing and maintaining stakeholder relations. In his place, the shipyard's former COO **Esko Karvonen** was appointed as the new CEO. Karvonen takes the helm of Helsinki Shipyard at a crucial time: The yard is re-entering passenger shipbuilding, with two cruise ships for the expedition segment under construction and a third on order. Despite the ongoing global

pandemic, things are looking good for Helsinki Shipyard's future.

The new president and CEO is a relative newcomer to the Helsinki Shipyard – having worked at the yard for only two years, but with three decades of experience in the shipbuilding business. "My shipbuilding career started in 1982 with a summer job at the Wärtsilä Turku shipyard," Karvonen recalls, "but when I graduated as a shipbuilding engineer in 1990, the Finnish shipbuilding branch was in turmoil, so I joined MacGregor Navire instead." After 27 years at MacGregor, Karvonen returned

to Finland in 2017, at first joining ALMA-CO Group. "Then, about two years ago, I heard about the change of ownership of the Helsinki Shipyard, met Carl-Gustaf Rotkirch, and we discovered that we had similar ideas of how the yard should be developed. In the summer, I was offered the post of COO, which I eagerly accepted. This yard has a good working spirit, and I very much enjoy working here."

Three core businesses

After an intensive six-month strategy review, including a careful and honest analysis of the yard's strengths and weaknesses, the new Helsinki Shipyard Oy has identified three core ship types that the company will specialize in:

– Icebreakers and icebreaking specialist tonnage. This is a natural field for the yard that has built over half of all existing icebreakers currently in operation. "However, we don't want to rely on icebreakers alone," points out **Markku Kajosaari**, the Senior Vice President of Sales, "as this is a narrow segment with limited demand worldwide. Therefore, we are glad that we can combine our know-how in building the ice strengthened vessels with our next important ship type – cruise ships."

– Small and medium sized cruise ships. "We saw demand for this size of ships in the market, particularly in the expedition segment, which works excellent for us



President and CEO Esko Karvonen

with our experience in building ships for ice navigation," Karvonen explains, while Kajosaari continues: "Our covered building dock is well suited for ships in this size range. Ships of up to 25 000 gross tons can be finished entirely indoors, which makes it easier for us to give a quality finish to our products."

– Superyachts. "Our analysis was that the border between a yacht and an expedition cruise ship is becoming more and more vague," Kajosaari elaborates. "Expedition ships are becoming more exclusive and yacht-like and entering the superyacht market has obvious synergies in utilizing our skills, production facilities and subcontracting network in passenger shipbuilding. Furthermore, the superyacht market seems to be less affected by market fluctuations than the cruise ship market, which is an obvious added bonus."

This is not to say the company is limiting itself to these segments. "Naturally, the fact we're specializing in these three markets doesn't mean we would not be open to building other ship types, if our customers so desire," Karvonen points out. "If we find out we can profitably build good ships of some other kind, we'll eagerly add them to our portfolio."

Efficiency and innovation

After a period of stabilizing operations following the change of ownership, Karvonen says that the next task will be to

modernize the shipyard's operations and to develop ever more efficient methods of working. He further cites innovation as a key to future development. "Innovations and a culture of developing and refining things are in our DNA. This yard developed and built some of the first modern cruise ships, the first all-outside cabin ship, the Azipod. We must further emphasize this, not only relying on our own personnel but also our network of well-known stakeholders in Helsinki like Aalto University and competent subcontractors and suppliers."

Karvonen continues by saying, "We have a very good working relationship with the city of Helsinki. Currently, the rental period of the yard's land area extends until 2035, but we are negotiating to extend it until 2050. This will give more confidence for our modernization program. Making an investment for a 30-year timespan is obviously different than investing for a 15-year timespan."

Vega-class details

With the change of ownership, the Helsinki Shipyard also received its first new cruise ship contracts from the Russian river cruise operator Vodohod. Subsequently, with the acquisition of the well-known Swan Hellenic brand by Vodohod's owners, the ships were transferred to be completed for that company, and last October Swan Hellenic contracted for

a third, slightly larger ship. "A key for this project has been understanding the business case of the customer," Karvonen explains. "In the almost 15 years since the yard last built passenger vessels, we had lost some experience in this field, but we have been lucky to recruit young talents to replace them, as well as utilize our connections in the Finnish maritime cluster to make sure we have access to the best skilled workers."

Kajosaari provides further details on the technical aspects of the ships: "The SH Minerva and SH Vega are designed to Polar Class 5, so they have a slightly higher ice class than most new expedition ships, which are built to PC6. The customer saw this as advantageous, as it allows a somewhat longer operational season in the Arctic areas, and opens up some operational areas that ships in lower ice classes cannot access. However, we had to optimize the hull form not just for ice navigation but also long stretches of open water, for example the sea lane from Ushuaia in Argentina to Antarctica. The result is a small ship with high passenger comfort combined with good performance in ice."

The third, as of yet unnamed, ship is longer than the first two sisters. While it retains a similar layout in the passenger areas, Kajosaari reveals there are key differences behind the scenes: "The third ship is designed with a different operational profile, and as a result has a lower ice class. We analyzed the fuel consump-

tion over the predicted lifespan of the ship and came to the conclusion it was worthwhile to redesign the entire hull form."

Good market position

Helsinki Shipyard is currently looking for additional customers in the cruise sector. "We are currently in discussions with several potential clients about ships in the same size range as the ones we are building for Swan Hellenic, for both the polar regions and warmer waters," Kajosaari reports, "but customers are naturally wary of committing to new contracts in the middle of the pandemic." Adds Karvonen: "There are no winners in the pandemic, but our analysis is that there will be less demand for cruising on ships carrying thousands of passengers, with focus shifting to smaller, more intimate vessels with more space per passenger." If this prediction comes true, then the Helsinki Shipyard is in an ideal position once orders for new ships pick up again.

When asked about the physical location of the Helsinki Shipyard – not many other yards are located near the center of a national capital, surrounded by housing and offices – both Karvonen and Kajosaari agree it holds more positives than negatives. "Of course, the location brings some logistic challenges, but all of them can be overcome," Karvonen maintains. "On the other hand, many of our customers have had a positive experience. Hel-



sinki is friendly, Scandinavian, functional, compact and easy to reach from anywhere in the world. We are located close to many universities and the co-operation with them is smooth and easy-going."

Kajosaari further adds that "Helsinki Airport is only about half an hour away by car, train or bus. Other shipyards very seldom can offer connections that are as good. The shipyard's territory size is today very handy, and this also challenges us to be more efficient. And, of course, this is a field where you can

always strive to be better. We can always learn new things and it is always worth asking for advice."

Karvonen sums up the strategy and future of the Helsinki shipyard with a basic philosophy: "We have to constantly strive to be better than other shipyards. We are convinced that we are able to create the added value for our customers, and this makes them choose us over other shipbuilders in the same field. We have plenty of potential, but there is no other path to success. ■

SH Minerva is the first of three newbuilds for Swan Hellenic



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