

Streamlining supply chain vital for struggling mining sector



Increased operating costs and decreasing productivity and stability challenges within the mining industry are driving change within the sector, forcing mines to re-evaluate their supply chains and procurement processes while improving controls.

According to Lorenzo Borelli, SYSPRO Head of Customer Relations for Africa, the wave of streamlining supply chain management is also in response to global commodity prices dropping. "For example South Africa is a big platinum producer and platinum prices have dropped by 14 percent since May while mine productivity is not increasing. In fact, SA has the least productive mining sector in the world which puts pressure on mines and their suppliers to reduce costs."

Borelli says the best way to add value to the industry is by advising the mines and their suppliers on how to optimize their supply chain management and reduce the cost of procurement.

"The mines require a strong and informed inventory and manufacturing understanding to address rising costs. We have implemented ERP solutions that firstly ensure a range of mining inventory is planned, procured and received effectively at all onsite and offsite mining locations – not only maintenance stores but clinics, hostels, shops and remote stores. Plus it provides the right level of visibility and control to ensure governance of people and processes in this multi-role environment without being over complex. We find that simplicity is always key."

Many manufacturers who supply the mines also run these supply chain solutions. This means a SYSPRO community exists in different legs of the Mining and Resources supply chain with synergies that can benefit both buyers and sellers by leveraging economies of scale. Some of the benefits SYSPRO mining customers now enjoy include them being able to interact with screens and functions to ensure effective buying, distribution and financial management of the mines' large inventory investments.

Borelli concludes that, " Proper planning can also now occur through the implemented ERP solution as workflow and authorizations ensure financial or other limits are subjected to appropriate management approvals before commitment. SYSPRO streamlines transaction processing via EDI for orders and payment as well as offering mobile device interaction, via our Espresso mobile solution, so when operators are travelling they are still able to check and process inventory offsite."

According to Meryl Malcolmess, SYSPRO Marketing and Sales Director for Africa, "One of the biggest mistakes that mining corporations can make in today's technology driven climate, is to accept blanket ERP solutions. No two businesses are exactly the same, so how then can their IT needs be served by identical systems? "

Malcolmess said when mines do this successfully the benefits are immense. Recently the Rosh Pinah Zinc corporation demonstrated this when it migrated to SYSPRO's Enterprise Resource Planning (ERP) platform. The underground zinc and lead mine is one of the largest in Namibia and was acquired by the Glencore Xstrata PLC in 2011. The acquisition led to a significant cost cutting drive and Glencore identified a migration to SYSPRO as a way to significantly save on running costs.

The result for Rosh Pinah was a simplification of the business and reduction in the total cost of ownership by as much as 70 percent - bringing its operating costs in line with other African mining operations in the Glencore mining stable which were already running SYSPRO systems.

The new ERP environment is currently also aiding the automation of as many processes as possible in order to drive up efficiencies. This solution for the mining industry is specially designed to enhance production efficiency, optimize cost management and improve customer relations. The system for Rosh Pinah consisted of a significant amount of bespoke development work, customization and remodeling of business processes.

Malcolmess said, "Our solution was built specifically for use in Africa, where ease of use, access to skills and low cost of ownership are key factors to consider. We understand that every industry and business is completely unique and requires custom, easy-to-use business technology solutions that provide flexibility and clarity."

She concluded that this is especially true in the mining sector where the right technology solution can accelerate business processes, improve operational efficiencies and help mining companies adapt to the type of rapid change that is inevitable in their extremely challenging environments.

"Companies unique characteristics, needs and processes cannot be effectively addressed by general solutions that only moderately suit their requirements. Organizations across all sectors are becoming more organic rather than rigidly structured and technology solutions have to reflect and enable that."

