

# COGEP CONTINUES TO BUILD ON ITS SUCCESS IN THE CANADIAN MINING SECTOR

By Tobey Hayden, Technical Writer who worked with Cogep to produce this article

Cogep, a Canadian technology company and developer of Guide Ti, procurement and maintenance management software, continues to build on its success in the Canadian mining sector.

With clients such as IAM Gold, Breakwater Resources, Aurizon Mines and Consolidated Thompson in addition to a dozen other mining companies, it's plain that Cogep and Guide Ti meet the needs of a large range of mine operators in an efficient, simple manner. "We've identified many opportunities in the mining sectors in Ontario and Western Canada, and we believe our success in British Columbia and Quebec can be reproduced elsewhere in Canada," states **Michel Fournier**, President of Cogep.

"The rise in gold prices is driving numerous mining projects and this in turn is creating new opportunities for Cogep" adds Fournier. In addition to Cogep increasing market share, the company also received the prestigious Microsoft Impact Award for its Microsoft solutions integration project with Breakwater Resources' Myra Falls mine in British Columbia.

## AN INDUSTRY FACING NUMEROUS CHALLENGES

Mining operations are facing a significant number of challenges. The greatest challenges are probably procurement delays and procurement costs originating from the transportation of inventory items and machinery to distant sites. "It's a difficult challenge to meet: employing just-in-time management in the procurement sector. We're under pressure to keep inventories

high or to be very skillful at reducing delays in the procurement process," affirms **Bernard Noël**, Computer Systems Director at Consolidated Thompson.

He adds, "We need an automated system that ensures efficient, user-friendly communication from a mechanic's purchase request through to delivery of the item. The people involved are informed throughout the process via real-time notifications. This enables us to reduce approval delays and we ensure that availability of strategic production equipment is at a maximum."

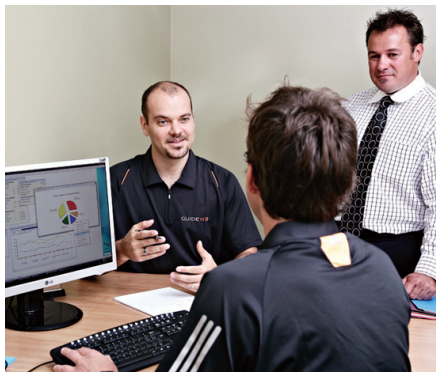
Other huge challenges are human resources management and the management of strategic assets such as machinery. Across Canada the number of mining projects is growing. "The rate at which expertise is evaporating from the industry, due to demographics is quite alarming: capturing knowledge from the skilled workforce is a huge issue. Any tools or techniques which help to optimize labour costs and reduce the strain of expertise exiting the industry would be an asset. In terms of technology solutions, the improvement of work flow, supervision and management improvement is a high priority," says **Laeque Daneshmend**, Department Head and Professor for the Department of Mining Engineering at Queens University in Kingston, ON. "It is common to encounter mine sites where 70% to 80% of the maintenance budget for mobile equipment maintenance is expended on reactive 'unplanned maintenance,' rather than preventative maintenance. This is in stark contrast

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- Michel Fournier, Cogep President



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Cogep staff with Michel Fournier using system



Guide Ti in use



to other industry sectors, like the manufacturing industry where 70%-80% of maintenance budget is expended on 'planned (preventative) maintenance,' Daneshmend adds.

### ONE SOLUTION TO REDUCE INTERNAL COSTS AND FLAT COSTS

Michel Fournier sees Guide Ti as a solution perfectly adapted to mines and the challenges they face. He says, "With Guide Ti, the management of all of a mine's strategic assets is possible using a single software product. By strategic assets, we're referring to mobile, production and security equipment as well as surface buildings and underground installations." Most new mining sites in Eastern Canada use Guide Ti to reduce their production costs through better maintenance management of their equipment, and improved spending and inventory management.

Distance is a serious problem with regard to parts supply; a reduction in procurement lead times has a direct impact on the time required to get equipment back into production. In addition, a well-maintained machine reduces unplanned equipment failures. By obtaining the right information at the right moment ensures insightful decisions and strategic planning that has a direct impact on procurement lead times, explained Fournier. "We succeed in reducing procurement lead times by 50% by reducing the procurement process through our e-mail-based approval system and electronic automated follow up."

The immense variety of replacement parts in a mining setting gives rise to another challenge in the resupply process, while the requesters need simple, efficient tools to locate the information they need to complete their purchase requisition. "We reduced by more than 95% the number of errors in our purchase requisitions since we chose Guide Ti while reducing by 50% the time spent preparing our requisitions," said Viola Stewart of Breakwater Resources. "With better control over our inventories and procurement lead times, we've succeeded in reducing the value of our inventories by 20%, money now available for investment in productivity improvement projects and security measures, which in turn will lead to a reduction in our production costs."

The mining sector is subject to very high security standards; top tier software can enable companies to monitor equipment and ensure the latter is fully functional whenever it is needed. The ability to provide traceable proof that security equipment is well maintained typically results in a significant reduction in insurance premiums. Since the Enron scandal of 2001 and imposition of the SOX (Sarbanes and Oxley) standards, traceable control mechanisms for procurement transactions are now an integral part of doing business. Companies must be able to provide proof at all times that all procurement and approval steps have been respected.

### REAL-TIME PERFORMANCE INDICATORS

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Given that the operational life of a mine is 20 years on average, a mining company's executive requires performance indicators within the first months of a mine's operations. "Guide Ti can be integrated with any ERP system within a couple of days! In some cases ERP maintenance modules take several years to become operational because their structure is more complicated

than ours," Fournier affirmed. An implementation that is rapid and efficient is important.


### THIRD MOST IMPORTANT ECONOMIC SECTOR

The Canadian mining industry has generated revenues of \$40 billion annually for the past 5 years. It counts more than 351,000 workers and represents more than 19% of Canadian exports. Equally responsible for 70% of maritime transportation volumes and 55% rail transportation revenues, its economic importance for Canada is substantial. The abundance of natural resources that lie beneath Canadian soil attracts both investors and mining exploration companies. In fact, Canada represents 19% of world investment in mining exploration, followed by Australia with 14% and the United States with 7%.

The mining industry is also the third most important economic sector in Canada with regard to equipment spending, after the manufacturing and transportation sectors. These assets involve significant repair costs too. More than 14% of all equipment-repair spending in Canada is related to the mining sector. Controlling spending is therefore a priority for each mine in operation in Canada. ■

### ABOUT COGEP

*Ever since Cogep obtained its first mandate in the mining sector 14 years ago, Canadian mines have been able to count on a software solution that enables them to control and reduce spending and drastically reduce procurement delays. It is thanks to the expertise of this Canadian firm that many public and private companies control and reduce their operational and maintenance costs.*




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