

BUDGETING, FORECASTING AND REPORTING FOR THE MINING INDUSTRY

An integrated view of financial planning across complex mining environments.



THE BUSINESS CHALLENGE

In the current economic environment, effective financial management and budget planning is essential. Traditionally organisations including those in the the mining industry, have relied heavily on spreadsheets for their budget process. Annual budgeting then becomes challenging, lengthy and the extensive spreadsheets are prone to errors, miscalculations, formula alterations and ultimately inaccurate financial data.

It is not uncommon for corporate budget processes to involve the linking of many, many, spreadsheets into a single master model. These files typically need to be manually updated and managed to ensure all the data is correct. If the finance department wants to update an assumption, this has to be done manually and across all templates.

Apart from being extremely time consuming and laborious, this process increases the possibility of error. Studies have shown that 88% of spreadsheets have errors and not only is this frustrating and embarrassing for the finance department, but it can lead to management making decisions based on inaccurate information.

Another challenge with multiple spreadsheets is managing concurrent users and consolidating spreadsheets which becomes a time consuming and frustrating function for the finance team. Time is spent crunching numbers not reviewing and analysing the output which is where finance can add value.

Finally the spreadsheet structures may not correlate directly to those used in management and statutory reporting, further making the reporting cycle lengthy and inefficient.

“I think the deciding factor was when we were about to present our budget to upper management. A day before the meeting we noticed a significant error because one of the assumptions didn’t get updated and we were scrambling to get the numbers correct for that meeting”.



REQUIREMENTS

- An online, real-time, easy-to-use budgeting and reporting system that could enable department managers to take responsibility for compiling their own budgets.
- The ability to make changes to global assumptions knowing that these would be consistent and accurate across all departments.
- To significantly reduce the timelines of obtaining updated budget data during the budgeting and forecasting process.
- To streamline the consolidation process that could ease the burden on the finance department.
- The ability to access comparative data when end users are preparing their budgets and forecasts.
- A solution that would integrate easily with the existing ERP system.
- A budgeting solution offering both Activity Based and Project Budgeting capabilities.

THE SOLUTION:

IDU BUDGETING, FORECASTING AND REPORTING



IDU-Concept offers a robust dedicated Budgeting, Forecasting and Reporting solution to the mining and minerals industry. Our clients are situated throughout the world including in Canada, Australia, South Africa, Botswana, Namibia and Burkina Faso. These include some of the world's largest producers of copper, zinc, diamonds, gold, coal and sodium.

The IDU system is extremely easy-to-use and understand for non-financial managers, allowing them to take ownership of their numbers and to foster buy-in resulting in greater accountability. It is an online, real-time, web-based budgeting platform that allows for multiple managers to work on the budget simultaneously while using the same set of assumptions.

IDU-Concept has built in Project and Activity Based Budgeting capabilities in the Enterprise Edition.

IDU-Concept allows for the centralised storage (in multiple units of measurement and Exchange Rates) of Global assumptions such as Commodity Prices, Conversion Ratios, Treatment Charges, Penalties, Distribution Costs, Freight Charges, Discount Percentages and Foreign Exchange. These can be incorporated into multiple Activity Based Budgeting models that allow for both end-user inputs and complex formula-driven calculations. This has allowed our mining clients to quickly and easily calculate their mining revenue, as well as all direct costs associated with this. If Global assumptions change, the outputs are quickly recalculated without the need for recapture.

The Activity functionality has been used to facilitate Life of Mine planning, which can be done out to any time period from 1, up to a maximum of 72 years. Complex formula calculations can be built around physical data (such as tons mined and tons milled, which are set up as Global Assumptions), combined with key user inputs in order to generate a Life of Mine plan spanning consumables, technical costs, horizontal and vertical development, drilling and blasting costs, truck haulage, equipment maintenance, and mine labour costs. Each Life of Mine plan can easily be copied in order to facilitate what-if scenario planning, by flexing physical Global Assumptions, which then ripple through the entire Life of Mine plan in order to generate updated values, which can then easily be compared back to the original plan.

The Financial Reporting Module of IDU is a two-way interface between the budget system and general ledger system. This allows the cost centre manager to easily view the financial information applicable to their environment at a summarised level. Users have the ability to see all operating costs and project spend right down to the transaction level.

Comparisons can be done based on current month, year to date or variance analysis against budget, forecast, previous years' actuals or any available set of comparative information.

IMPLEMENTATION

The implementation process is quick and simple. A typical mining set up will take less than 2 months, and most of the set up can even be done remotely.

This includes a 2 week on-site set up period which incorporates comprehensive administrator training.

Unlike other Budgeting and Reporting products IDU-Concept requires little or no ongoing IT involvement. It can be administered by the finance department administrators which when dealing with remote mining environments can prove to be vital.

Once up and running, a client will have access to IDU technical experts and our dedicated help desk team should they need further assistance.



The IDU team have the right knowledge and experience. They understand the budget process and fully support you from day one through to successful implementation and beyond. This is the experience a customer has the right to expect of an Enterprise product!

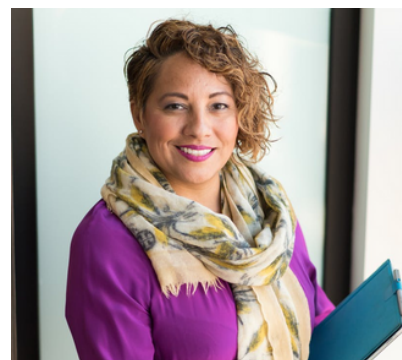


IDU IS AVAILABLE ON PREMISE OR IN THE CLOUD

Our solution is available both on premise, in a private cloud of your choice as well as in the IDU cloud.

Leveraging our technology partnership with Microsoft, the IDU Software-as-a-service (SaaS) cloud solution harnesses the power and scalability of Microsoft Azure® Cloud Platform.

The real time access to financial information across our organisation has changed the financial acumen of all managers, they are more accountable for their actual results. There is increased ownership of budgets. the finance team has seen a decrease in requests for reports and more time for the finance team to spend on analysis of results.



SELECT MINING CLIENTS INCLUDE:



THE IMPACT OF SWITCHING FROM EXCEL TO IDU FROM OUR CLIENTS PERSPECTIVE



“The responsibility to make changes to budgets and estimates is taken off the shoulders of the finance department and is given to those of the department managers.”

“Consolidation of the departmental budgets is a breeze! No longer does finance need to spend days consolidating the budgets in numerous files as IDU consolidates it in the platform directly.”

“Department managers find the IDU-Concept system very easy to use. They are able to go into the system and make whatever changes they need without help from the finance department.”

“The ability to see all operating costs and project spend right down to the transaction level in Financial Reporting.”

“The flexible activity budgeting feature in the product allows for complex formulas to be delivered by the administrators from deriving future long term asset maintenance scheduled service costs to revenue and by-product calculations from tonnage mined to final finished mineral sale value.”

“A recent development to incorporate unit of production depreciation means we can now calculate and budget for depreciation of selected assets by unit of production, be it mine capacity, future resource estimate or any other determinable and measurable parameter.”

“There are a lot of customisations that allow you to set up complex calculations based on scopes and assumptions that are easily managed through simple upload files.”

“The ability to create powerful PowerBI reporting based on all the data that is stored in IDU. Users are able to add comments and attach supporting documents, models or quotes into their budgets. These can be useful to support their capital project estimates and budgets.”

“The Budgeting Module allows the setup of multiple comparatives. Users are able to pull in years of historical data so that at a glance they are able to view this as a comparative to the budget fiscal sets they are currently working on.”

“The Project Budgeting Module of IDU-Concept allows project managers to view actual spend and any commitments on their projects directly in the system. Previously this information would have had to be requested from finance and this would have been emailed back and forth in spreadsheet format. At month end finance would receive numerous spreadsheet files that would need to be consolidated into one in order to update the project status, costs and estimates.”

ABOUT IDU

IDU delivers top of class packaged budgeting, forecasting, performance management and reporting tools to simplify financial management. Our flagship product, IDU-Concept, provides easy, effective budgeting and financial reporting for medium-sized to large businesses. IDU-Concept integrates easily with ERP software, but unlike more cumbersome offerings, IDU-Concept can be implemented quickly, requires little or no ongoing consulting fees and reduces budgeting cycles from months to weeks.