



GOLDCORP INC.

EXTRACTING NEW MINING EFFICIENCIES THROUGH INTEGRATION

QUICK FACTS

Industry

Mining

Revenue

US\$2.2 billion

Employees

10,300

Headquarters

Vancouver, Canada

Web Site

www.goldcorp.com

SAP® Solution and Services

SAP® ERP application

Implementation Partner

Ouest Business Solutions Inc.

Goldcorp Inc. is one of the world's largest gold mining companies, with operations throughout the Americas. Currently producing more than 700,000 ounces of gold annually, the company's flagship Red Lake Gold Mines combines two operations: the Red Lake and Campbell mines. Goldcorp chose the SAP® ERP application to integrate these two complexes and to extract operating efficiencies critical in the mining industry. Since then, SAP ERP has become the preferred platform company-wide.

Key Challenges

- Integrate 2 mining operations
- Enable real-time consolidation of cost and profit financial information
- Gain minewide view of equipment costs and maintenance
- Align activities with maintenance, repair, and operations needs
- Integrate production planning with other business processes

Implementation Best Practices

- Focused on best business practices
- Provided solid recommendations from consulting partner with industry expertise
- Involved business owners in process modeling
- Included strong commitment from executive management
- Addressed basic requirements first
- Minimized changes to existing system
- Involved internal Sarbanes-Oxley audit group

Financial and Strategic Benefits

- Accelerated integration of mining operations
- Integrated production and back-office processes
- Gained real-time visibility of costs and production processes
- Reduced headcount in financials
- Improved tracking of assets, costs, and preventive maintenance programs
- Enhanced management of supplier spend
- Coordinated production efforts with supporting business operations

Why SAP Was Selected

- Minewide business process integration
- Support for core mining processes
- Feedback from users at acquired mine
- Competitive cost of ownership validated by other midmarket customers
- Strong compliance functionality and support for multiple currencies
- Ability to integrate with other systems at mines and corporate offices

Low Total Cost of Ownership

- Rapid, 5-month implementation
- Technical upgrade completed within 9 weeks
- Common processes used across both mining complexes
- Minimized development and maintenance costs with a single corporate configuration client
- Ability to leverage software footprint
- On-site expertise provided by super users
- Support outsourced to consulting partner

Operational Benefits

- Supplied single version of the truth
- Improved efficiency of financial operations
- Reduced effort to complete financial close by approximately 60%
- Eliminated use of manual spreadsheets for managing assets and maintenance
- Reduced number of suppliers
- Enhanced Sarbanes-Oxley compliance
- Reducing inventory (projected target 30%)
- Improved ability to model profitability of a mine face and perform variance analysis

“The SAP software provided real benefits as we integrated the Red Lake mines. Using the SAP ERP application at both complexes enabled us to evaluate our business processes and implement best practices.”

Bill Henry, Business Systems Manager for the Red Lake Complex, Goldcorp Inc.

Setting the Gold Standard

With operations throughout the Americas, Goldcorp Inc. is one of the fastest growing gold mining companies in the world. This Vancouver, Canada-based company is also the industry's lowest cost senior producer, setting new standards with innovative technology and creative thinking.

Recently, Goldcorp more than doubled its Canadian reserves by acquiring the Campbell mine in northern Ontario – an operation directly adjacent to the company's acclaimed Red Lake mine. Goldcorp wanted to escalate production of the shared ore body and optimize use of assets such as milling facilities. Integrating the two operations quickly was a top priority. And a significant element of Goldcorp's integration plan was a state-of-the-art business system.

Miners Provide the Litmus Test

At the time of the acquisition, Campbell management was already implementing the SAP® ERP application to improve efficiency in key business functions such as finance, asset management, and production planning. In a rather bold move, Goldcorp invited managers at the Red Lake complex to evaluate the software's merits for themselves. When Goldcorp ultimately decided on the SAP software for the combined Red Lake gold mines, CIO Mark Olson was able to point out, “The personnel on the ground championed the use of SAP ERP for the larger mine. That says a lot.”

To facilitate the combined rollout, Goldcorp focused on best business practices and enlisted support from industry expert Oquest Business Solutions Inc. As a result, the company consolidated the two mining operations on a single instance of SAP ERP after a five-month implementation.

Striking Pay Dirt

Along with new surface roads and underground connections, the Canadian mining company is using business software to integrate the Red Lake gold mines. As a result, Goldcorp has merged departments and databases, trimmed personnel, and improved operating efficiency. The company was able to reduce headcount in the finance organization while cutting the effort to close the monthly books by as much as 60%.

Staffs at the mines and corporate offices now dig into real-time cost and production information consolidated from across the complexes. This has improved operations in both the back office and at the mine face. With more precise analysis of its purchasing and supply chain, for example, Goldcorp is reducing inventory and streamlining the number of its suppliers. Goldcorp is using better business practices and minewide visibility to manage assets such as crucial ventilation systems and its vehicle fleet. Today Goldcorp relies on automated processes instead of spreadsheets to track asset costs, ensure proper equipment allocation, and administer preventive maintenance programs.

From virtual reality modeling to fibre optic communications, Goldcorp is known for using cutting-edge technology to improve mining efficiency. The company can now drill down from high-level financials to actual costs to help validate exploration models and yield forecasts. By integrating this information with production plans, Goldcorp can work with detailed profitability assessments to identify which ore zones to pursue – helping the company maintain its position as the low-cost producer in the industry.

The Next Mother Lode

The Red Lake gold miners expect to discover future benefits as the production planning functionality is optimized for the larger mine site. Based on its success in the Canadian North Country, Goldcorp is adopting SAP ERP for other mining operations around the globe. Corporate offices are rolling out the SAP ERP Human Capital Management solution and the SAP Environment, Health & Safety application. At Goldcorp, it is all about unearthing the full value of its assets.

Implementation Partner

Oquest Business Solutions Inc. specializes in assisting mining companies to implement SAP software as a full enterprise resource planning business solution, including mining-specific requirements for safety and production processes.



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