



Q U A D R E M<sup>®</sup>

## **ECCMA Conference October 2008**

Quality of Data in the Mining  
Industry

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## Agenda

- **Current Industry Drivers**
- **Challenges for Buyers**
- **Material Master Data Quality**
- **Why ECCMA eOTD**
- **Other Drivers and Key Initiatives to Mining Organizations**





*YOUR POINTING AT IT WON'T HELP - THE COMPUTER RECORDS SHOWS NONE IN STOCK.*



## Current Industry Drivers

- **Elimination of free text purchases (uncoded spend)– through a more effective search and comprehensive catalogue**
- **Easier identification of new contract spend categories and items for future strategic sourcing opportunities**
- **Rationalization of supplier base and number of codified items through better understanding of requirements and hence who can supply what**
- **Better reporting of “on-contract” versus “off-contract” spend**
- **Ease of language translation from one geographic region to another**
- **Reduced time required to complete strategic sourcing activities as a result of better initial reporting and data**
- **Item of supply standardization in the capital procurement process**



# Challenges for Buyers

- ERP applications use “masters” or catalogues to manage items that the buying organization purchases.
- “Un-coded” spend is a result of buyers needing to make a purchase and simply creating an item “once-off” in the master data, in order to buy-pass this restriction of the ERP application.
- Buying organizations carry legacy data, where no structured approach was followed to create and maintain the masters (catalogues).
- Resources are often not able to find the required masters due to;
  - Lack of training in searching the ERP application appropriately;
  - Masters do not unambiguously differentiate a material or service from like materials or services;
  - Duplicate masters creating uncertainty on which master to select;
  - Decentralized approach where buyers, stores and maintenance personnel have been given access to upload new masters without adequate training and no content standard to adhere to.
- Buying organizations have used different cataloguing approaches. This has led to catalogues looking different and describing materials, which are the same, in different ways.
- Buying organizations using multiple ERP applications or instances of one ERP application need to consolidate the buying activities (i.e. catalogues) at a both a regional and head office level.
- Buying organizations are often geographically situated in different countries where different languages are a complexity in consolidating catalogue data.



## Material Master Data Quality

- **Initial Data Quality varies from Organization to Organization**
- **Existing Legacy ERP contributes to limitations of data quality**
  - Character limitations in description fields
- **Some have developed internal standards**
  - Inconsistency
  - Duplication
  - Incomplete
  - No clear guidelines
- **Some have adapted and modified 3<sup>rd</sup> party standards**
- **Some have no standard**



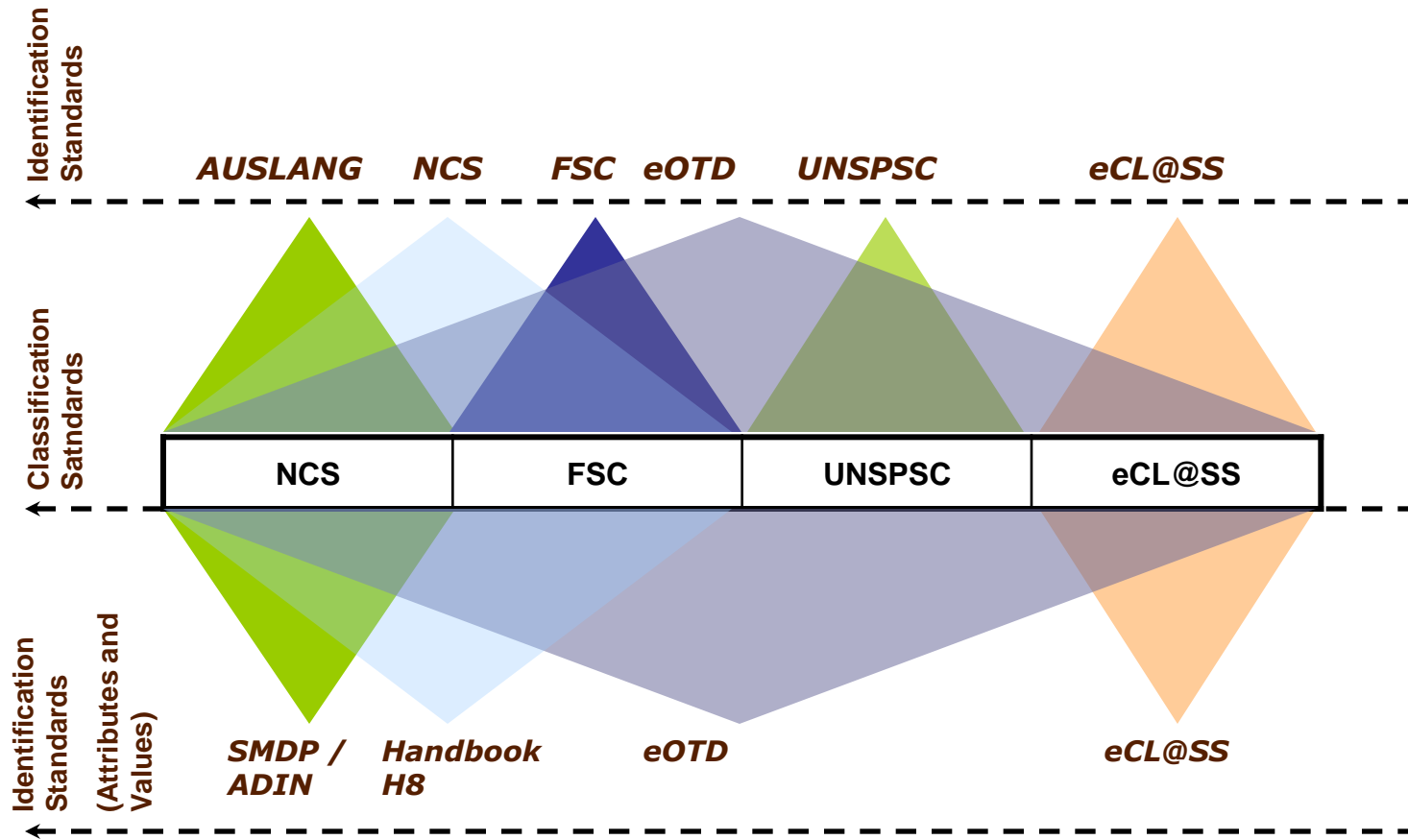
## Business Drivers

- **ERP Implementation – Data Migration**
  - Multiple Legacy Systems
  - Multiple Catalogue Methodologies
- **Sourcing – SCM Initiatives**
  - RFx
  - Vendor Consolidation
- **Regulatory Compliance**
  - Accurate Inventory
  - Appropriate Budget
- **Mergers & Acquisitions**
  - Redundant Information
  - Multiple Languages
- **Surplus Asset Disposition**



# Why ECCMA eOTD

The eOTD (*ECCMA Open Technical Dictionary*) standard has a classification dictionary, which can be applicable to different kinds of classification methodologies



## Projects Summary

Region	NATO (H2)	UNSPSC	eOTD	eClass	QTY
North America	◆	◆	◆		900,000
South America	◆	◆	◆		850,000
Africa		◆	◆		500,000
Europe			◆	◆	150,000
Asia	◆	◆	◆	◆	100,00
Australia	◆	◆	◆		800,000



# ECCMA ISO 8000 Certification Application - Quadrem

## •ECCMA ISO 8000-110 Master Data Quality Manager Certification

- Create Identification Guides in eOTD-i-xml,
- Generate queries in eOTD-q-xml,
- Read data in eOTD-r-xml.



## Other Drivers and Key Initiatives to Mining Organizations

- **Vendor Master**
  - Organizations are looking for relevant data related to vendors that could assist Supply Chain Management.
- **Inventory Optimization**
  - ERP and EAM systems do not calculate correct Order Points or Order Quantities for MRO items - Mostly calculated through manual internal processes
- **Service Masters**
  - Service masters have become the next area of classification focus in all industries



## Vendor Masters

- The use of Vendor Masters provides companies with a method of identifying locations, within and outside their company.
- They are Unique, with a simple structure, facilitating processing and transmission of data.
- They are Multi-industry and allow any location to be identified and consequently any business regardless of its activity, and are Global, unique world-wide.
- Improves price accuracy.
- Eliminates the maintenance of thousands of single purpose, supplier-assigned, proprietary numbers.
- Improve the accuracy of sales and spend analysis reports
- Mining Organizations who have defined a detailed and long term content strategy have included a requirement to adopt a global Vendor

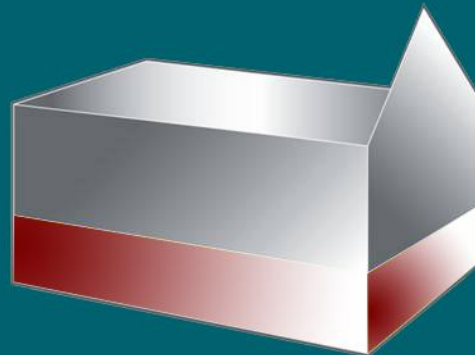


# Inventory Optimization:



- Leveraged Purchasing
- Disposal Recapture
- Cataloguing Initiatives
- Common Descriptions
- Inventory Purging

- Vendor Managed Inventory
- Vendor Owned Inventory
- Consignment Inventory
- OEM Parts Risk Analysis
- Sharing of Spares



**Proper Inventory Optimization improves service levels, enhancing the results of all these programs**



## Service Masters

- **Service components commonly used as line item details on field tickets and invoices, for the fulfillment and reconciliation of services in industry, require some level of classification to be properly utilized in electronic commerce transaction documents.**
- **For true end-to-end electronic commerce, service component nomenclature must be standardized, classified and coded.**
- **Simple scenarios involve a given service extending the original request to one or more services. However, complex scenarios can involve the requirement of multiple services and, in some extreme cases, inter-dependent requirements of multiple services—which could result in a deadlock.**
- **Industries such as the insurance, financial, medical, administrative and professional services are leading the pack. These industries have helped develop the standards that are now available within UNSPSC, eClass, Federal Supply NATO, and ECCMA.**
- **The focus to date has been primarily a classification of service for the purpose of financial review and analysis.**



# MRO Data Management Solutions Deliver Value

## Increase Contract Compliance

- ❑ Ability to Determine / Procure the required part / product with certainty
- ❑ Reduced Incorrect / Maverick / Free Text Purchases
- ❑ Ability to Track & Monitor Supplier Performance and delivery compliance
- ❑ Increased Visibility – Search, Spend and Rationalization opportunities

## Increase Service Levels

- ❑ Have the correct part / product at the needed time
- ❑ Avoid False Stock-outs
- ❑ Reduced Expedited Orders and Associated Costs
- ❑ Reduced Risk of Plant Down Time
- ❑ Optimized use of ERP “Search, Inventory, Financial” Modules

## Decrease Inventory Costs

- ❑ Buy the correct materials
- ❑ Buy only what will be consumed
- ❑ Reduced number of materials on-hand
- ❑ Decrease Carrying Costs

**These capabilities translate to a simultaneous increase in Material Availability while decreasing MRO Costs.**





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## Questions & Comments

Thank you for your  
participation!

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