



Customised planning and budgeting

Seriti Case Study



Introduction

Seriti, a broad-based, 91% black-owned and controlled South African mining company, operates three large-scale, opencast and underground thermal coal mines which supply Eskom's Lethabo, Tutuka and Kriel power stations. In addition, after acquiring the operations of SA Coal Holdings, Seriti gained access to another four mines in order to provide coal to the Kendal and Duvha power stations. The miner, which exports coal via the Richards Bay Coal Terminal, is also developing a new mine in stages to provide additional coal supplies to Seriti's various coal markets.

Any well-run business starts with a plan, and a mining operation is no exception. In fact, planning and budgeting are even more essential to the effective running of a mine than most businesses because a mine requires a different mix of cost and revenue every year to maintain production and profitability.

Depending on whether the mine is at an early, mid or late stage within its life cycle, it will have very different cost profiles. As a result, mines require detailed planning, and can't simply use last year's plans/actuals as a base for the next few years' plans. With a detailed plan in place, management can allocate and prepare the necessary resources required to meet the mine's anticipated demands, including all of the economic, environmental, and social aspects that miners have to take into consideration.

This type of planning can be extremely complex and time-consuming – particularly if the mine is using Excel for the bulk of its financial data. When Seriti, one of South Africa's largest coal mining operations encountered this challenge, the company decided to invest in an EPM solution to speed up and improve its planning and budgeting process.

Meeting the miner's needs

Seriti historically used Excel to create budgets and plans, but this created delays in the decision-making process. Looking for effective long-term planning capability with precise and timely information, Seriti partnered with Futuresense for a custom-built solution. Following Futuresense's earlier successful implementation of Oracle's Financial Consolidation and Close EPM module in Seriti's environment, the specialist EPM solution provider used Oracle's planning and budgeting capabilities as a base for Seriti's new custom optimised planning and budgeting process.

The solution had to make provision for a large stock model, a complex capital model, and the ability to include previous assets, current assets, and assets under construction. Seriti also wanted to be able to account for specific locations or clients, as well as depreciation at specific points, all while creating short- and long-term plans with budgets.

An out-of-the-box product was unable to accommodate all of Seriti's needs, which is why Futuresense customised a planning and budgeting solution. "The complexity of the solution required a deep understanding not just of the capabilities of the EPM system, but of Seriti's operating environment as well. We couldn't just take what was in Excel and copy and paste it into the new solution – we had to ensure that Seriti was able to access real-time data from across the business in order to enable an optimised, accurate planning and budgeting process," says Derik Rothman, Director at Futuresense.

A collaborative effort

“Our longstanding partnership with Futuresense ensured we got the right results with this project. The Futuresense team’s understanding of our business, their commitment to excellence, and their incredible work ethic ensured that we got a bespoke planning and budgeting solution tailored specifically to our needs in just [6/8] months,” says Alan Kotze, Lead Management Reporting and Operations Support at Seriti Power.

Rothman says that the success of the project was largely as a result of Seriti’s engagement. “The Seriti team was engaged in the process every step of the way, speeding up a number of activities that could have taken far longer to complete. We held joint workshops every two weeks to ensure that the solution was being built to Seriti’s exact needs, allowing us to adjust as necessary as the project progressed. In fact, Seriti took this collaborative approach one step further with a number of their team members championing the solution internally to help speed up user adoption and provide confidence in the system across the business.”

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