



FIREPROOFING THE GOLD BELT

Abstract

Mining for gold is always a risky bet, and instances of fire in the mining site not only threaten profitability but also the lives of mine workers. That is why when fire damaged the conveyer belt system at a US company's gold mining site, Infosys BPM urgently helped procure and install a new, safer system while also delivering cost savings amounting to US \$2.3 Mn.

The client is a large miner with a global presence. Infosys BPM supports the client with its sourcing and procurement requirements to a hybrid delivery model with onsite sourcing managers across global locations for various services, including tail spend sourcing, catalogue administration, supplier relationship management contract creation, master data management, and spot buy.



Buckling under the load

Though conveyor belts and systems appear simplistic, they play an extremely critical role in the mining industry. They act as the backbone for several mining processes such as extraction, transportation, blending, and mixing, primarily working to carry out heavy ore as well as waste such as rocks, rubbles, and debris from the mine. Operating under harsh conditions and constantly carrying thousands of bulky tons of ore or waste, conveyer systems are susceptible to high levels of abrasion, ripping, and tearing, thereby causing fire incidents.

The client faced one such situation, when one of its conveyor belts and rollers stopped functioning properly during a mining process, producing immense heat due to friction. Eventually, a fire broke in which further burnt other infrastructure in the conveyor ramp, including a dewatering line that resulted in some flooding in other areas of the mine. Though, the client tried to keep the operations running by utilizing its fleet of trucks, it needed the conveyor system belts to run the operation efficiently.

At the backdrop of the situation, the client tasked Infosys BPM with procuring and installing a new conveyor system of upgraded quality, including its belts, rollers, frames, and monitoring systems. To get the system up and running at the earliest to meet production targets, the project scope included system installation, to minimize potential delays and risks raised by coordination issues between the supply and installation partners.



Buckling up for new belts

Infosys BPM brought into play its vast experience in strategic supplier selection for clients. Upon receiving the drawings and scope of work from the client, Infosys BPM first carried out market intelligence activities to identify suitable suppliers and the key cost drivers for the project. With a depth of 2 km, the underground gold mine demanded a complex conveyor system that would conduct material movement both within the underground mining operations as well as from the underground-to-surface level. The team identified a few players with the desired expertise in supply and installation of high-end specification conveyor belts.

Meanwhile, Infosys BPM foresaw COVID-related challenges to delivery and installation of conveyor belts on site, within the expected timelines. To preempt any potential disruptions, the team worked towards identifying one vendor from the emerging market for the purchase of conveyor belts, while running another parallel project for installation.

Backed by extensive research, an Infosys BPM onsite team member in coordination with the company's site projects and supply chain personnel then conducted a detailed evaluation and negotiation

strategy to shortlist the suppliers, followed by a request for proposal (RFP) and price analysis process. For the final evaluation, the suppliers were shortlisted on multiple parameters such as final price offer, execution, timelines, past performance, safety record, total cost of ownership (TCO), quality assurance, financial capabilities, as well as the best-case scenarios based on consolidation or bifurcation of supply and installation components. Throughout this process, primarily a three-pronged strategy was followed to unlock the best value for the client:

- 1. Bifurcation of scope:** The unique division of project scope into supply and installation services — along with emerging market sourcing for the supply component — helped identify suppliers offering the best value and lead times, thereby enabling the client achieve significant savings
- 2. Rebate clause:** A competitive bidding approach backed up by a detailed market intelligence and negotiation strategy based on producer price index (PPI), helped successful negotiations on unit rates, with a rebate clause to get benefits on future purchases

- 3. Total cost of ownership:** Two levers helped with the final assessment, namely TCO and emerging market/low-cost country sourcing

Through this approach, Infosys BPM identified one supplier based in an emerging market to supply low-cost, yet high-quality conveyor belts, and another supplier based out of Canada to carry out the installation. The selected belts, apart from having fire retardant features and a rip detection system, were also designed with a wire mesh in between the belt sheets to prevent tearing and abrasion due to heavy rocks.

The next major part of the project was ensuring timely delivery of the belts against the challenges of the pandemic-induced lockdowns in several regions. Infosys BPM closely collaborated with the suppliers and multiple logistic companies to transport the belts to the mining site through sea and road transport, well within project timelines. The team also interfaced with the business users and the installation vendor to greatly reduce installation issues and lead times.

Belting out the records

Infosys BPM's efforts paid significant dividends. Apart from record project completion timelines, the client recorded savings in total project cost, amounting to US \$2.3 Mn. Additionally, the client also benefitted through a significant flat rebate for future purchases from the vendor.

Infosys BPM's approach of positioning itself as a strategic partner rather than just another transactional service provider also delivered several other benefits. The close collaboration with the Infosys BPM team member throughout the project helped the client gain better capabilities in areas such as strategic sourcing activities, critical categories spend, and tail spend. The client also learned how to implement a Lean board for better project management through tracking and addressing the early warning signals relating to cycle time and money burned.

All said, this is one partnership that truly deserves the gold.

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