Coeur D'Alene Mines: A Successful Oracle Financials Implementation in Latin American Subsidiaries
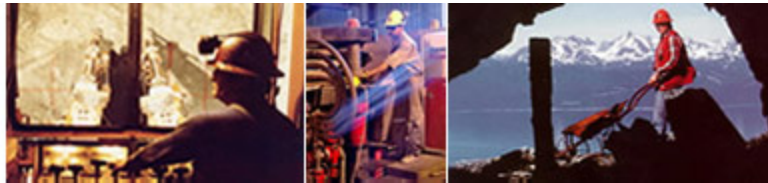
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Agenda

- Introduction
- Latin America Overview
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- Localizations implemented
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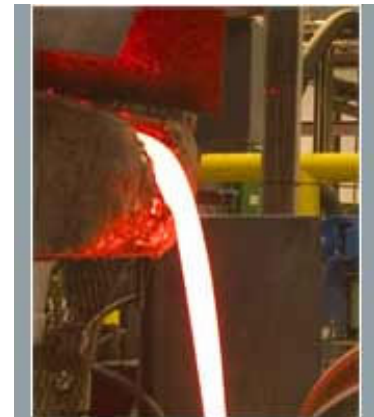- Future Implementations & Migrations
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Introduction: Coeur d´Alene Mines

Coeur d' Alene Mines Corporation is one of the world's largest primary silver producer and a growing, low-cost gold producer.

Introduction: New Projects driving Growth

- Just completed construction on one of the world's largest silver mines in **Bolivia**

- Presently constructing another of the world's largest silver mines in **Mexico**

- Operates 2 underground mines in **Chile and Argentina** and 1 surface mine in **Nevada, USA**

Introduction: New Projects driving Growth

- Owns non-operating interests in 2 low-cost mines in **Australia**.

- Owns a major gold project in **Alaska**.

- Conducts exploration activities in **Argentina, Bolivia, Chile, Mexico and Tanzania**.
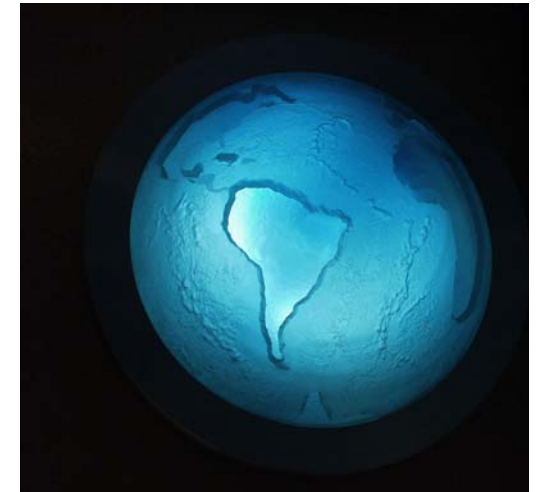
Introduction: High-Level Project Goals

- **Improve ERP functionality** by implementing and integrating Oracle modules in South America as part of an existing Oracle instance in the United States

- **Streamline financial processes and compliance** with local reporting requirements by implementing Oracle Financials

Latin America Overview

- 15,000+ customers in the region
- Strong network of 1,772 Oracle partners
- Favorable economic conditions
- Proximity = same business hours
- Cost-Effectiveness
- Complex region with several challenges
- Volatile economic contexts

IT Convergence Overview

ITConvergence®

Global enterprise application services provider with core competencies in:

- **Consulting**
- **Support**
- **Development**
- **Education**
- **Web Services**

IT Convergence Overview

ITC offered Coeur d´Alene Mines:

- Extensive experience in performing global Oracle E-Business Suite implementations
- Bilingual Latin American Oracle specialists
- Remote service delivery capability.

Global Reach, Local Expertise

Coeur d´Alene Mines Overview: Properties

Kensington Project, Alaska

Coeur d'Alene Mines HQ

Rochester Mine, Nevada

Palmarejo, Mexico

San Bartolome, Bolivia

Cerro Bayo Mine, Chile

Martha Mine, Argentina

Broken Hill, NSW

Endeavour, NSW

Coeur d´Alene Mines Overview: The Challenges

- Geographic
- Regulatory & Reporting
- Language & Cultural Differences

Coeur d´Alene Mines Overview: Oracle System Implementation History

- <u>Original implementations</u>:
  - Consisted of separate instances for each operation

- <u>Variety of upgrades in each separate instance</u> – costly and time consuming

- <u>New implementations</u>:
  - Implement in multi-org, single instance environment with a plan to migrate stand alone instances to the multi-org, single instance environment

Coeur d´Alene Mines Overview: Project Goals

The objectives are to implement the appropriate applications using a model of:

- Financial, Purchasing, Inventory, and now EAM and Project Costing

- Using standard functionality

- Zero customization with the exception of customizing reports, where required

- Controlling, where possible, at the master/operating unit level.

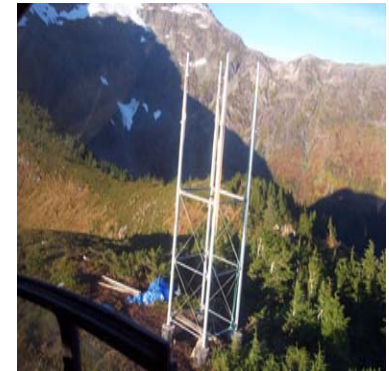# Coeur d´Alene Mines Overview: Network and communications configuration

Coeur provides system access to:

- 5 mines sites – extremely remote
- 24 offices – supporting the mine & exploration operations
- Many 'home' offices
- Support the world wide operations during travel
  - ➢ thousands of hotels
  - ➢ hundreds of airports

Coeur d´Alene Mines Overview: Network and communications configuration (cont)

- Sites are mostly located in **remote and usually mountainous areas**

- Oracle systems are **centrally located in Idaho, USA**.

- The remote locations use **slower microwave and satellite communications** because other forms of network access are just not available.

Coeur d´Alene Mines Overview: How the project is managed within CDM structure

- Project Implementation Philosophy
  - Corporate IT staff - IT Director, IT Business Analyst, IT System Administrator, IT Network Analyst
  - Site Technical Support Staff – 9 at various offices and mine sites
  - Leverage our small IT staff through partnerships with implementation consulting firms

Coeur d´Alene Mines Overview: How the project is managed within CDM structure

- <u>Implementation Team:</u>
  - Coeur IT Project Manager, IT Systems Administrator
  - Coeur Site User Project Manager, Key Application Users, Site Technical Support
  - ITC Project Manager
  - ITC Functional Application Analysts

We have developed a <u>standard configuration model</u> and make small configuration changes for requirements differences for new implementations.

Coeur d´Alene Mines Overview: How initial requirements were gathered

- Gathered at the sites, by the ITC Functional Consultant and the CDM IT Project Manager.
- They gave the functional users an overview of how the Oracle apps worked and how they were integrated.
- Gap analysis was completed
- Requirements document was prepared, reviewed and approved
- Regular Status reported and Issues Managed

Coeur d´Alene Mines Overview: Issues and lessons learned

- Improved Requirements Gathering
- Need to Standardize Processes
- Emphasize the Users Time Commitments
- Emphasize Post Implementation Support Turnover

Localizations implemented

The issues faced in implementing Oracle Financials in Latin American countries can be divided into three general categories:

- Legal Requirements
- Technical Issues
- Business Practices

Localizations implemented: Argentina

- A x I (Inflation Adjustment) on GL (General Ledger)
- A x I (Inflation Adjustment) on FA (Fixed Assets)
- GL – Argentine Daily Book/Major Book
- AP (Accounts Payable) – VAT & CITI/SICORE files (AFIP flat files)

Standard Functionality:
- Financial Statement Generator (FSG) – GL Functionality to generate reports to be sent to Corporate

Custom developed:
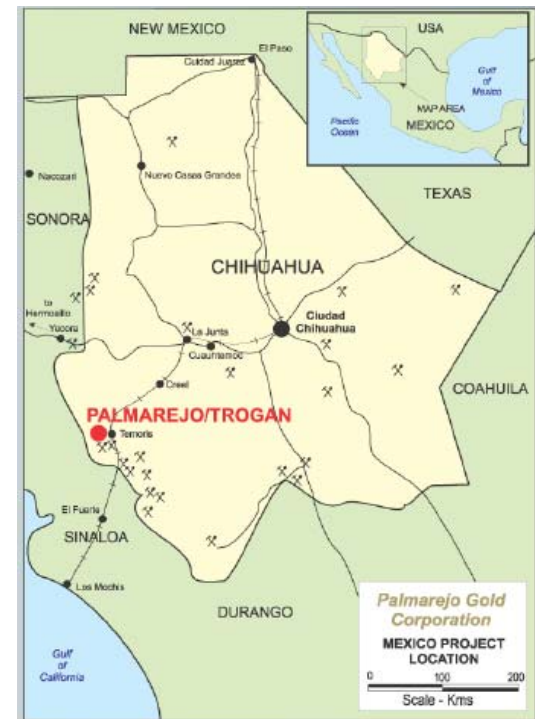- Inventory reports ("remitos") with specific numeration.

Standard Solution & Customization implemented: Bolivia

- **Standard Solution** applied to Functional currency (from Dollars to Bolivianos)
- **Customization**
    - Required for VAT/Purchases Book (legal requirement), in order to generate POs for AP.
    - Customization of Purchase Order printing

Current Implementations: Mexico

- CDM is currently implementing a newly acquired subsidiary mine site in Chihuahua, Mexico.

- This company had a simple accounting system and no other ERP apps.

- Oracle ERP system is a fresh implementation without any 'legacy' system conversion.

Current Implementations: Mexico

- Using the <u>implementation model</u> from the previous Argentina and Bolivia implementations.
- Using <u>lessons learned and variations</u> in the configurations developed in our other installations in Alaska, Nevada and Chile.
- Mexican <u>local regulatory reports</u>

Future Implementations and Migrations

- Previously, **5 stand-alone instances**, on various versions: 10.7, 11.5.8, 11.5.9, (2) 11.5.10

- Running on **separate servers** and have some **variations** on how they were configured

- Corporate plan is to put all of our sites on **one single instance multi-org instance**

Future Implementations and Migrations

- Now down to **three instances**: (1) 11.5.9 and (2) 11.5.10

- Cerro Bayo, Chile, is the next site to migrate to the multi-org instance this year, followed by Alaska in 2009

- Also beginning an **EAM Asset Management application initiative** starting in Mexico with a roll-out to other sites over the next few years

Conclusion

- New Implementation leads to <u>Business Process Standardization</u>

- <u>Processes streamlined, systems integrated</u> into single Oracle Instance

- Accounting and transaction processes are now <u>centralized and standardized</u>

- <u>Business process improvements</u> as a direct result of the successful implementation of Oracle Applications
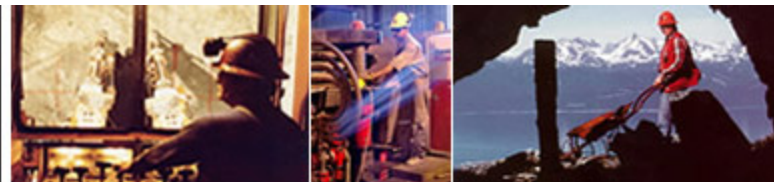
Conclusion

- To successfully implement Oracle Financials in Latin American countries, it is **imperative to understand the idiosyncrasies of the legal environment** of each country and rely on **experienced partners.**

- The real challenge is then **managing the implementation project** so that all **localization issues are proactively addressed.**

Conclusion

- The importance of **continued support** from the **consulting partner** to maintain the current as well as add any additional localizations required, maintains the **integrity** of the localizations within CDM´s system for each site.

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Q&A