

CASE STUDY

EcoSys EPC delivers Project Controls Best Practices for Guatemala Silver Mine

Tahoe Resources is a silver exploration and development company which is poised to become a leading silver producer. Anchored by its world class Escobal project, Tahoe's focus is on production growth, low cash costs, and growing silver resources.

Escobal, located in Southeast Guatemala, is the company's first project. Rich with silver deposits, the mine has an estimated life of 18 years with a capital cost of over \$325 million. Construction has commenced and production is expected in late 2013. Given large capital expenses before the mine starts producing and a finite lifespan, the effective control of costs is imperative to the overall profitability of the endeavor. As such, Tahoe was seeking a streamlined system for cost management on this single project which would then serve as the cost controls foundation for future mining projects.

In conjunction with global construction consultants Turner & Townsend, Tahoe selected EcoSys EPC (Enterprise Planning & Controls) as its project cost management solution for Escobal which also provided the scalability to grow for future projects.



Company Profile

- Tahoe Resources was founded in 2009 and is focused on becoming a leading producer of precious metals.
- The company's flagship Escobal project is responsible for creating 500 jobs in Southeast Guatemala.

Challenges

- Starting from scratch, Tahoe required a system to support cost control best practices "out of the box", but with the flexibility to meet its specific and unique requirements.
- They sought a single system that could support budgeting, change management, commitments tracking, reconciliation of actuals, performance measurement, forecasting, as well as provide an integrated reporting solution.
- Tahoe would need a method to aggregate its own internal commitments and transactions with those initiated externally by its Engineering, Procurement, Construction and Management (EPCM) consultant.
- An international company, Tahoe required a system that could easily support the multiple currencies it regularly uses in its operations.

Solutions

- Use EcoSys EPC as a central repository to aggregate data for project controls reporting
- Exchange budget and actuals data with Tahoe's Microsoft Dynamics accounting system
- Provide detailed budget tracking including original and current budgets on annual and Life Total bases
- Implement a budget change management process with an auditable workflow
- Manage all commitments within EPC and reconcile against actual costs
- Model forecasts based upon multiple approaches including direct, time-phased estimates or earned value methodology
- Allow for planning, forecasting and recording actuals in multiple currencies, as well as adjusting for exchange fluctuations and converting foreign currencies into the reporting currency (USD)
- Deliver extensive built-in reporting capabilities (e.g. monthly cost performance, change order logs, 12-month rolling cash flow forecast, earned value by area) and allow end-users to create new reports as needed

Benefits

- ✓ Scalable cost controls system able to support multiple projects and portfolio level analysis
- ✓ Full visibility into project performance with easy drill-down into details to isolate variances, allowing for rapid corrective action
- ✓ Automated report generation dramatically reducing labor and potential errors associated with manual collating and building of reports

With the implementation of EcoSys EPC, Tahoe Resources has realized a full-featured cost controls software solution that supports its need for budgeting and forecasting, change management, commitments tracking, reconciliation of actuals, performance measurement including earned value, and reporting. As a result, the organization has enhanced its ability to proactively address project change and variances thus helping to protect profit margins.

About EcoSys

EcoSys is the global standard for enterprise Project Controls software. Its easy-to-use web-based platform, EcoSys EPC, helps organizations worldwide plan and manage project portfolios, control project costs, and improve project performance.

EcoSys customers execute some of the world's largest projects and rely on EcoSys EPC to implement best practices for full lifecycle project controls including budgeting & forecasting, change management, contract management, progress measurement, performance and earned value management, capital planning, project portfolio management (PPM), and workforce planning.