

CRC Outcome To Commercial Entity

Uncluttering the Path to Success

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Who is MineWare?

- Established in late 2005 as a subsidiary of CRC Mining
- Operate in Australia, South Africa, and USA
- Preferred supplier for some of the worlds largest coal mining companies; including, BMA, Anglo Coal, Wesfarmers Curragh, and BHP South Africa
- Our Core products are:
 - Pegasys – dragline monitoring
 - Argus – shovel monitoring
 - mRoc Desktop – remote monitoring

A Dragline



Some pre-history of MineWare

- MineWare born out of UDDTek – company incorporated to commercialize the UDD technology
- UDD was a revolutionary technology, capable of delivering massive step-change improvements to dragline performance upwards of 25%
- Worth millions per year to open cut mine operations



What happened to UDD?

- Unrealistic sales forecasts?
- Heavy reliance on developers to commercialise?
- Inadequate cash flow modelling?
- Incorrect commercialisation model?
- Poorly defined strategy?
- Market forces?
- Alternative products became available?
- Customer issues?
- Technology issues?

In truth, it was a little of all of these.



Some lessons learnt, I try again....



- 2005 – Core technology, Pegasys, developed
- 2006 – MineWare incorporated, first installation done.
- 2007 – 2nd staff member, first profit recorded
- 2010 – 20th staff member
- 2011 – Operating on 3 continents

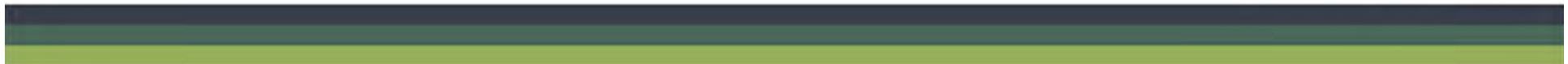
Company cash-positive from day one, all growth has been organically generated



What I will discuss...

- The commercial transition
- What I found important for commercial transition success (amongst the other clutter)
 1. A 'commercially viable' technology
 2. A well-formed, but flexible, strategy
 3. A cash model ('Rapid Cash' – thanks Julian Dolby)
 4. Appropriate managerial resources and people

Disclaimer– having these 4 things is no guarantee of business success!
(but it will definitely help)



Challenges with Commercial Transition...

R&D Project

- Funding
- Project Teams
- Technical hurdles
- Project milestones
- Research 'outcomes'
- Papers
- Conferences
- Proposals
- Committees
- PhDs

Difficult,
Cluttered,
Transition
Process



Commercial Entity

- Cash flow
- Strategy
- HRM
- Legal
- Finance/Accounting/
Tax
- Sustainable growth
- Profitability
- Equity
- Investors & Directors
- MBAs



mineware

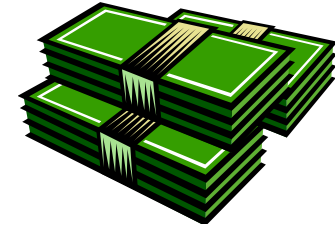
A Commercially Viable Technology?

- Not the same as ‘commercially ready’
- Need close attention to ‘Marketing’ – define the market in **detail**
- As a minimum, relate to the basic 4Ps of marketing:
 - Product
 - Place (how will be it be packaged/delivered/supported?)
 - Promotion (informing the market)
 - Price
- Researchers tend to ‘over-value’ their technology, artificially inflates the outlook

The Strategy

- R&D people are generally not the best people to draft the business plan
- The key is not which strategy model is used
- Carefully consider the equity strategy – use as incentive, not reward
- Consider ‘technology packaging’
- Remember it needs to be flexible
- Porter’s Five Forces and Risk Analysis remain effective models

Focus on the Cash Model



- What will be the cash requirements of the business
- Need to look at these on a week-by-week basis, at least 6 months ahead
- How will payment delays impact the business?
- What alternative sources of cash will be available if required on short notice?
- Many businesses claim to support ‘innovation’, small business, and ‘entrepreneurialism’, but reality is different!!!

Sourcing on-going funding is difficult



Get the Right People

- Passion for the business must match or even exceed passion for the technology itself
- The needs to the business must take precedence over the needs of the technology
- To service these needs, and put focus on the business, new managerial resources are required
- Allows for a quick change from an 'R&D' mentality to a commercial mentality
- Managing people v managing professionals



Key lessons from my experience

- Get a good team together
- Manage cash above all else
- Understand what the strategy/goals are
- Constantly manage change

Finally:

Customer isn't always right, but:

CUSTOMER IS EVERYTHING

~ End ~

