

INNOVATION

Changing direction

A leading Australian mining technology firm is getting on the front foot to pursue international growth

Richard Roberts

Mining industry spending on technology may be going backwards – in the face of increasing rhetoric emphasising ‘smarter mining’ – but recent history has changed the ambition levels of many small, innovative firms. For leaders like Brett White, the opportunities, if not the current order levels, are clear-cut.

White, who recently became CEO of Australia’s leading supplier of mine-machine control and guidance systems, shares the belief of the company founder that technology that has worked for a long time in a demanding market such as Australia is very well suited to other markets. It’s both a point of pride and occasional soul-searching among the managers at RCT that the company has sold products in 64 countries without recreating the sustained success enjoyed at home in any of them.

The technology, it seems, speaks a universal language. It’s up to White to translate more of the business model that has underpinned RCT’s domestic expansion into offshore growth in South America, North America, Russia and elsewhere.

“The benefit we have being in Australia and particularly Perth [Western Australia] is being at the forefront of mining and the latest technology, and I guess having the adoption of best practices in mining happening on our doorstep,” he told *Mining Journal*.

“We’ve already got a ready-made product offer globally.

“We have agendas in North and South America, CIS and Russia, the Asian market and Australasia, that have already kick-started, and we’ve got BDMs in Moscow and Salt Lake City, and I’m appointing a new one in Santiago – we’re interviewing shortly.

“So stretching that geographical reach is the approach at the moment, and our market research suggests we have a sizeable product offer that is relevant in these markets. Having the local BDM presence and growing local markets to a stage where we can foresee a good level of maintainable earnings should get us to a point where we can look to establish infrastructure in those areas.

“Once we decide there is a market, we’ll put stumps down.”

A CFO with some large public and private mining services companies who worked in the London office of US energy group Hess Corporation early last decade, White saw an opportunity to join RCT in early 2012 after he’d had previous dealings with the firm and its founding managing director, Bob Muirhead.

“I’d known Bob and we’d been talking about the business for a long time, particularly in the two to three years leading up to me coming here,” White said. “So I thought when I came on board that I understood the company fairly well.

“But it’s definitely new and interesting to come to a technology company in mining. My experience was not on the technology side, so it’s a good learning

curve, especially with someone like Bob, who built the business with that technology background.”

Still highly fragmented outside the small cluster of big names such as SAP, IBM, ABB, Dassault and Hexagon, the global mining technology business is focused around key markets such as Chile, Canada, Australia and South Africa, and the major mining houses. How much of an advantage the longer list of small to mid-tier miners see in technology investments will determine the rate of growth of many technology developers in the years ahead.

A landmark Australian Government study of the country’s mining equipment, technology and services (METS) sector two years ago surprised many with its estimates of the size of the sector (circa A\$90 billion revenues) and export levels (c\$15 billion). Incredibly, the single largest segment of Australia’s huge mining industry had little collective profile before publication of the survey.

Services and technology are seen as the two key offshore growth components of the METS sector.

Why is RCT emblematic of the wave of Australian mining technology SMEs expecting to be at the forefront of the global shift in the industry’s technology uptake and spending in the next five to 10 years?

The 150-strong company doubled in size in the recent mining boom, establishing a strong platform for international growth. Its domestic customer base includes many leading mining companies and contractors, and it’s also worked with some of the biggest mining names in Chile, USA, Russia, South Africa, China, Papua New Guinea and other mining centres.

The past decade has seen demand for ‘project remote control solutions’ grow, increasing \$1 million-plus sales. At the same time, RCT has delivered large contracts and extended its product range around mine automation projects.

Machine guidance and control, and automation, are among the top 10 new technologies genuinely changing the industry in mature mining jurisdictions; and likely to change others down the track.

The industry ‘R&D lab’ in the automation field is very much on RCT’s doorstep.

And the company itself continues to invest heavily in R&D. Like some of its peers, it has established international channel partners – including Swedish mining equipment leader Atlas Copco. But its ability to make any underground or open-pit machine that’s rolled out of a factory safer and/or more productive, in conditions that might otherwise stop production, is a key reason it’s had call-outs from around the world.

“I think it’s something unique to RCT,” said White. “Not only having the product offer, but the ability to integrate third-party systems and to be agnostic to the equipment, is something that we’ve had success in but not always promoted effectively.

“So the market perhaps doesn’t really understand the immense capability we have in that area, coupled with the fact that our own research and innovation produces new solutions. The fact is, there aren’t many markets with access to an RCT.”

White said a period when RCT struggled to keep up with demand had given way to the current sluggish market, creating a different set of challenges for the 42-year-old company.

“It was a case of all hands on deck trying to get things out as quickly as possible, and try to service the customer as quickly and effectively as possible back then. So it was very much a focus on the front-end of the business and that changed dramatically towards the end of 2013 [when] we saw the taps shut almost overnight.

“The quiet time, the slowdown, probably was better for me than the boom time because it forces you to take stock and have a look at the fundamental business itself; focus on the areas that aren’t necessarily performing at an optimal level. Instead of being order takers we really needed to be more proactive in engaging with the market and pushing our technology forward.

“It’s interesting though because ... when it comes to the downturns in the mining sector it’s when RCT should be really performing, in my opinion. We’ve got a product offer that increases productivity; it has the potential to decrease costs in terms of maintenance and equipment damage. And invariably, by moving more ore and increasing revenues, our products are ultimately improving the bottom line.



“I think we’ve definitely taken that to heart in the business and ensured that we’ve got both our front end and back end of our business working optimally. I’ve spent a lot of time focusing on our product strategy, our pricing strategy, our contract management, our tendering process, even the procurement process, and systems improvements, channel partnering, all to really strengthen the RCT business and look for the growth internally.

“We like to say here that we’ve sold to 64 different countries, which is fantastic, but by and large they’ve come to us. I think during the downturn we’ve had to really change that view significantly and be on the front foot.

“And so that is what we are doing now. There is a big push on talking about our research and innovation capabilities, and our custom capability, forming strategic alliances and partnerships with mining companies and technology companies.

“At the moment, we’ve got an official alliance and partnership with Atlas Copco. We’re talking to universities, and other mining companies – very large ones that I can’t talk about at the moment. We’ve almost formed a round-table, collaborative approach to talking through their issues and explaining to them exactly how we can assist them and increase their productivity and reduce their costs ... and interestingly, that is working very well.

“Just the simple open dialogue that we’ve been having with these companies has been phenomenally successful and we’re finding them very receptive.

“That’s an approach that I’m confident will continue this year.”

As well as growth prospects in non-mining markets, White sees “synergistic” opportunities in mining ranging from consulting activity to supplying more of the data miners need to boost fleet performance.

“We take control of machines – that’s our business – so we’re well positioned to feed the ever-increasing and insatiable appetite for data that the mines are now asking for,” he said. “Our aim at this time is not to necessarily get involved in the analytics side, but to provide the data. From the discussions we’ve already had with some of the major miners and even some of the mid-caps, they’ve already got their analytics tools per se. What they’re screaming out for is the data that they’re unable to get.

“So that’s an area where we think we’ve got a role to play, without getting away from our core strength.

“RCT is a niche company and we’re very aware of that and very mindful not to just grow for growth’s sake, and get involved in the mining technology sphere in areas that don’t complement or align with our core business objectives.

“We’ve got a lot to keep us busy at the moment, and we have an unwavering focus on building those export markets in the next two to three years.” ▼

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Stable platform ... RCT is pushing into offshore markets from a dominant position at home

