

## CASE STUDY: OTRACO INTERNATIONAL

### **Winner:** Minerals and Energy Award, 51st Australian Export Awards (2013)

For outstanding international success in the production or primary processing of extractive and value-added minerals or energy products, technology, equipment and services to the minerals and energy industries.

#### **Background**

Otraco International (Otraco) is the world leader in off-the-road tyre management for the mining industry and regarded as a global innovator in its field.

A wholly owned subsidiary of Downer EDI Mining, the company provides a sophisticated, independent tyre management software-based service that aims to reduce tyre costs on mining trucks by more than 20 per cent.

Tyres on massive mining haul trucks and earth movers can account for up to 50 per cent of operational costs, so getting the maximum use out of these tyres is critical to successful operations.

Founded in 1972 in Western Australia, Otraco now has permanent operating bases in Australia, Brazil, Chile, New Zealand and across Southern Africa, and long-term consulting and on-site tyre maintenance contracts in countries across the world.

The company also exports intellectual property, software and management skills to help mine operators enhance productivity, reduce costs and improve safety outcomes.

#### **Approach to business**

After securing its first overseas contract in Indonesia in 1994, Otraco embarked on a mission – to build the export part of the business and expand its reach internationally.

Today, more than 40 per cent of the company's business is in the export space, with growth averaging 30 per cent each year over the past four years.

"This success is acknowledgement that our overseas strategy has worked," says General Manager of Otraco, Alistair Swanson.

The company's tyre management and reporting system, Otracom and Otracom Mobile, is in use in more than 60 mines around the world. This patented internet-based software tracks and manages tyres and rims from manufacture to disposal – to identify performance trends and, ultimately, reduce tyre related costs.



### SNAPSHOT

- Established in WA in 1972
- More than 800 staff working in Australia and overseas
- Operating in six countries
- Export accounts for 40% of their business
- Winner of 2013 Western Australian Industry and Export Award - Minerals and Energy



**51st Australian Export Awards**

**2013 NATIONAL WINNER**  
MINERALS AND ENERGY

# OTRACO INTERNATIONAL

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Alistair Swanson, General Manager, Otraco

“Taking a truck out of operation is hugely expensive. Our software provides a way of tracking a tyre and managing it to give it longevity,” says Swanson.

“You can kill a \$40,000 tyre in just 600 hours if it is not properly managed. We typically aim to get between 6000 and 8000 hours out of it.”

The company’s focus on innovation is what continues to give it an edge, says Swanson.

“We still make most of our money from service contracts, but our development of high technology products for mine sites has certainly helped supplement our business.”

These products include the new ‘Super Jack’ and a robot that removes nuts from tyres.

The Super Jack lifts and locks the back end of a truck – reducing the time it takes to change a tyre from 20 minutes to around two minutes.

“This has the potential to earn tens of millions of dollars in additional revenue, as the down time for the truck is reduced to an absolute minimum. Our aim here is to make the tyre changing process more akin to a Formula 1 car.”

The nut-changing robot – similar to those used on a motor vehicle production line – brings tremendous safety benefits as it removes the human factor from one of a mine site’s most hazardous jobs.

“So far we have generated more than \$2 million in sales for the Super Jack and hope to see the robots introduced in both Australia and Chile very soon,” says Swanson.

“Our aim with all of our products and services is delivering additional production opportunities to mines through improved efficiency of operation.”

## International engagement

Starting with a single operation at Mt Whaleback Mine in Newman, Western Australia in 1972, Otraco won its first international contract (in Indonesia) in 1994.

Its overseas operations have now expanded to such an extent that the business employs 230 people at five sites in Chile, 300 people at eight sites in South Africa, Botswana and Namibia, and almost 300 people at 33 sites in Australia and New Zealand.

“The export market remains an important priority for us,” says Swanson. “The Australian mining industry is under a lot of pressure at the moment – many mines are shutting down, particularly on the east coast – so our business is vulnerable. Pursuing international opportunities helps us to grow and expand during these tough times.”

Swanson says entering new markets is made easier thanks to Australia’s excellent reputation internationally.

“You are unlikely to find a mining operation anywhere in the world that doesn’t have some sort of Australian input,” he says. “We have a very strong reputation internationally. Our standards are considered the highest in the industry.”

Otraco was recently awarded three new contracts for tyre management in southern Africa, worth more than \$40 million. It will be Otraco’s biggest every mobilisation to site, with an anticipated workforce of 128 employees.

Moving forward, the company has its eye on Brazil and Peru and other projects in southern Africa.

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Alistair Swanson, General Manager, Otraco

## Winning an Australian Export Award

The response to winning last year’s Australian Export Award has been “fantastic,” according to Swanson.

“As a business, we are the world leader in our space – a success story with great technology – but no one had really heard about us,” he says.

“This award helped change that. You can say you are ‘world class’, but until you have something like an award win to back you up, you don’t have much to support your claim.”

Swanson says entering the Awards was a ‘deliberate strategy’ to raise its profile with its parent company – Downer EDI Mining.

“Our strategy certainly worked. The result was also really wonderful for our employees as they could see their contribution to the business being officially recognised,” he says.

**Otraco International Pty Ltd**  
**www.otraco.com**