**PRESS RELEASE**

Hatch Goba provides logistics management solutions worldwide

***09 July, 2013:*** *Consulting engineering and project implementation firm Hatch Goba boasts a 40-strong team of highly qualified logistics experts that are involved in a number of high profile projects across the globe.*

The Hatch Goba Logistics Team focuses on getting material and equipment to site timeously and efficiently, to support the project construction process. Hatch Goba Global Practice Director **Francois du Toit** states that the company's logistics team places a high priority on international best practices and incorporating and sharing innovative solutions in support of delivering to remote and challenging locations. He identifies this as a main differentiator between Hatch Goba and its competitors. "Our logistics capabilities and expertise have become well established on an international level, and we endeavour to focus on consistency, innovation, continuous development and improvement of the logistics discipline.”

Du Toit points out that the Hatch Goba logistics team aims to get involved in projects as early as the pre-feasibility stage. "This is a very important aspect of logistics management in order to define the parameters of the project. If any complications arise in the early stages, we can deal with aspects such as transportable envelope restrictions, customs regulations, duty exemption negotiations, multimodal route identification and infrastructure challenges at an early stage, thereby mitigating and/or eliminating the risk of any further complications within the lifecycle of the project," he continues.

Early planning is especially important for remotely located projects, notes du Toit. "In many cases, this could be the difference between making or breaking the project. Global pressure within the mining, metals, power, oil and gas, energy and infrastructure development industries creates a great need for successful logistics implementation. Damaged or late materials and equipment can have a negative effect on a project’s schedule and the client’s bottom line. It is crucial for the client to have project logistics management support as part of the project team, to ensure that the benefits envisaged by global sourcing are realised and both project cost and schedule are achieved.”

Key factors to consider in the light of developing global suppliers are:

* Global sourcing can lower costs without compromising quality and schedule
* Consolidation and optimisation of the supply chain reduces costs
* Proper materials management provides visibility and supports the construction schedule
* Remote sites require unique logistics solutions
* Modularisation and pre-assembly design reduces the complexity of work on site.

Du Toit adds that the Hatch Goba logistics team spends a considerable amount of time on developing an Integrated Logistics Execution Plan in order to ensure the optimal solution is developed for the project.

"This provides a clear understanding to all parties concerned regarding logistical constraints on the project, as well as a clearly defined strategy and plan to deliver the materials and equipment from supplier to site. In this regard and throughout the development of the Logistics Execution Plan, it is critical to explore all options and solutions available to the project, with a particular emphasis on innovative, cost effective and practical solutions. It is also important to maintain a balance between theoretical, practical and sustainable aspects of each project, and to think outside of the box, so that solutions are tailor made for each individual project. At the same time, past experience must play a major role in order to develop and execute the optimal plan."

According to du Toit, there is a global drive within Hatch Goba to develop differentiating solutions, of which modularisation can offer a highly beneficial solution. "Hatch Goba provides a ‘hands on’ approach to modularisation, which has been well-received by clients. Offsite modularisation and/or pre-assembly construction offers a solution to many projects which experience delays due to development of site access routes, pending Environmental Impact Assessments and/or local community related matters. It is critical, however, for any modular design to consider the logistical constraints such as the transportable envelope, in order to ensure that the design will ultimately enable delivery to the site.”

In order to effectively manage costs related to the freight of the materials and equipment, it is critical to adhere to international trade terms. Du Toit stresses that it is of the utmost importance to develop synergy between the engineered requirement, the procurement experts sourcing the materials and equipment, the logistics support operations, the site materials control and the onsite construction discipline.

"If suppliers’ delivery terms are not linked to international Incoterms®2010, a number of complicated challenges can arise. This is especially the case if delivery arrangements are left in the hands of suppliers that are not familiar with the challenges of remotely located sites. Hatch Goba manages the entire materials and equipment procurement process and acts for and on behalf of the client. Hatch Goba ensures that the most suitable and capable third party logistics service provider is on board and is appointed to support the project execution phase and the Incoterms®2010 used are most suitable for the shipment.

Du Toit states: "The international Incoterms®2010 utilised in the majority of the cases is FCA - Free Carrier (named place of delivery, either FCA vendors works or FCA point of export). This provides the client with the optimal control and also offers the following benefits: zero % VAT payable in the country of origin, transparent and known freight cost, control of the mode of transport and compliance to insurance underwriter requirements, to name a few”.

Hatch Goba, in collaboration with third party service providers, has successfully executed the delivery of project cargo in excess of 3-million freight tons in the last five years, into challenging destinations in numerous countries ranging from the remote Canadian Arctic and Sahara Desert to the forests of Central Africa. This includes multimodal solutions such as barge beach landing and vessel to barge transfers.

As a guide, key logistic factors to take into account during the front-end engineering design (FEED) and ultimately the execution phase of projects are:

* Remoteness of jobsite
* Fabrication locations of pre-assembly and of modular yard facilities and the related freight cost affecting the optimal fabrication point
* Sensitivity of cargo, marine and in-transit insurance requirements
* Port and infrastructure conditions on the supply chain route
* Routings, carriers, transit schedules
* Freight forwarder, packaging contractors and harmonised system tariff code consultants
* Local customs regulations and phytosanitary requirements
* Consolidation and optimisation of multimodal transportation resources
* Inland transportation infrastructure and equipment (port of entry to jobsite)
* Land, air and marine operations
* Determining the transportable envelope (max size and weight) in support of engineering design
* Identification and development of specialised equipment solutions and sourcing of specialised transportation equipment
* Coordination with construction team – required on site (ROS) dates.

During the conceptual and prefeasibility phases for international remote projects with a more extensive freight scope, the cost of freight should be factored as a percentage of total material and equipment cost. This factor is a function of the scope of freight and should be based and developed on historical data. This would include the following:

* Location
* Scope and execution of the project
* Source of materials and equipment
* Logistics Execution Plan
* Warehousing
* Special handling.

In addition to the points listed above, current market conditions should be taken into consideration and should be evaluated before being incorporated into the total freight cost. International freight percentages in the range of 15% to 22% have been historically recorded and experienced for internationally sourced projects. For domestic sourcing, the range is 5% to 14%. For remote sites (which include internationally sourced materials), the percentage could range between 17,5% to 32%, as a percentage of the value of the materials and equipment.

Not only is the importance of the logistics operations very clear when the price tag of the freight is taken into consideration, but a non-performing logistics operation, resulting in damaged and/or late delivered material, with the consequential impact on schedule, can carry major consequences for a project.

In conclusion, the Hatch Goba logistics team understands the importance of ensuring that adequate logistics planning is done within the FEED phases of the project. They ensure that the full spectrum of services required are encapsulated within the Logistics Execution Plan, and that through a collaborative approach with freight forwarders and third party logistics services providers, optimal solutions are developed. This ensures that a seamlessly integrated logistics operation is implemented and aligned with the Hatch Goba band of principles; Innovation, Quality, Safety and Sustainability.

***Ends.***

**Notes to the Editor**  
There are numerous photographs specific to this press release. Please visit <http://media.ngage.co.za> and click on the Hatch Goba link.

**About Hatch Goba**   
Hatch Goba supplies process and business consulting, information technology, engineering, Procurement and project and construction management and operational services to the mining, metallurgical, energy and infrastructure industries.

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