

## **“SIMSA – a Catalyst for innovation”**

(March 1<sup>st</sup>, 2017)

*Innovation is a new device, or method; being developed or applied to a new purpose.*

For Saskatchewan’s mining, oil and gas, and industrial sectors to improve and grow, they must be innovative. Innovation is a new device, or method; being developed or applied to a new purpose.

Innovation allows for the production of goods (1) at a lower overall/lifecycle cost, (2) with lower environmental impact, and (3) with higher safety standards. These three outcomes from innovation insure the economic, environmental, and social health of Saskatchewan. And, with SIMSA being the hub of innovation as proposed below, this insures the maximum impact on Saskatchewan in these three areas.

In order for the desired innovation to occur, the sectors’ “needs” must be identified by the purchasing company and then shared with those in a position to fulfill the need. Otherwise, the developers are shooting arrows into the dark with only hopes of hitting the target – the innovation system is more efficient if the target is illuminated. Also, when a “need” is known, there is a commercial incentive generated, which inspires innovation.

But, a system of interaction must be in place for this to occur.

Historically, in Saskatchewan, as an example, this interaction regularly occurred directly between mining companies and the local supply chain. However, at some point, this direct line was separated when EPC or EPCM companies were placed in between, and the innovation system became far less efficient. Today, we have end-user companies as one group and developers/suppliers as another – with a void between the two, or in some cases a barrier consisting of EPC or EPCM companies. The agriculture sector does not have this void – as an example – New Holland takes farmers to their design/manufacturing depots to discuss the new products.

Given current commodity prices, the end-user companies are somewhat reluctant to pay for the interaction process. Similarly, and also given they are generally more financially restrained, the developers/suppliers do not have the funds, time, nor team to develop these interactive dialogues.

SIMSA is uniquely positioned to be the hub for this interaction and thus can be a catalyst for innovation, by both initiating and facilitating the dialogue. Better yet, the costs affiliated with this are low in the practical sense and almost negligible in the long-term sense.

Two somewhat sidebar items, but worth mentioning, are:

1. There are low-tech and high-tech topics within the innovation discussion. Low-tech solutions are generally practical items which are developed quicker and generally use existing materials/protocols. A high-tech solution is somewhat at the dream/vision level, and generally requires; a visionary dreamer, longer timelines, and an invention or complete re-purposing of a material/process. We need both of these.
2. Conditional Purchase Orders (CPOs) are a tradition in other sectors, which we will look at pursuing via SIMSA. The CPO is written such as, "If a supplier can create \_\_\_\_\_, we will buy it for \$\_\_\_." This system provides incentives and assurances towards innovation.

SIMSA has already held, and begun creating other, events for our members to interact with end-users:

- SaskPower Chinook Power Plant local supplier/procurement sessions
- SaskPower Renewable Energy program rollout
- Oil & Gas Supply Chain Forum (with assistance from ECON)
- Mining Supply Chain Forum (with SMA and assistance ECON)
- PotashCorp SIMSA Round Table Event – an event which saw the direct conversation between the end users and the developers/suppliers
- Cameco SIMSA Round Table Event – similar to PotashCorp event
- Priority Saskatchewan, Advanced Procurement, plus the Hiring and Retaining Aboriginal People events – events providing the various educational components to allow innovation

Of special note is the "Mining Innovation Boot Camp," which is currently in the planning stages via a partnership with the International Minerals Innovation Institute (IMII). Of note is, SIMSA works with the IMII whenever possible on a variety of fronts, since the IMII represents the minerals sector – or – the flipside to SIMSA. This Boot Camp event will see research companies (SRC, PAMI, CLS, U of S, etc.) present their abilities and then funding agencies (IMII, IRAP, WD, etc.) present their options. SIMSA members will learn what can be done and how to pay for it, in one session.

This Boot Camp event will be the educational pairing, to the yet-to-be-scheduled dialogue between end-users and the supply chain, which is also being created in collaboration with the IMII. Given the use of "Discovery Day" in other sectors, we will likely rename our event as such.

Given the above, we propose that SIMSA adopt into its positioning "SIMSA – a catalyst for innovation."

## **About The Saskatchewan Industrial and Mining Suppliers Association (SIMSA):**



SIMSA is the Saskatchewan Industrial and Mining Suppliers Association, representing Saskatchewan based companies who provide goods and services to mining, oil and gas and industrial projects. SIMSA's membership of approximately 100 companies, represents well-over \$3-billion in annual revenues with the province. SIMSA's mandate is to represent the interests and concerns of Saskatchewan industrial equipment and service suppliers, through promotion of its members and the creation of partnerships with industry and other associations.

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