

borderFile

Customer Case Study: Cliffs Natural Resources



ABOUT CLIFFS

NYSE: CLF, PARIS: CLF

Year Founded: 1847

Year First Mine Opened: 1850

Worldwide Employees: Over 7,500

2012 Fortune 500 Ranking: 366

The largest producer of iron ore pellets in North America.

A major supplier of direct-shipping lump and fines iron ore out of Australia.

A significant producer of high and low volatile metallurgical coal.



LYNETTE STOLARZYK

Director - International Tax

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Cliffs Natural Resources Inc. is an international mining and natural resources company. A member of the S&P 500 Index, the company is a major global iron ore producer and a significant producer of high- and low-volatile metallurgical coal. In her role as Director, International Tax, Lynette Stolarzyk found that the increasingly global nature of the company's operations presented a number of challenges to the tax department. Cliffs had recently acquired a large mining company in Eastern Canada and also significantly advanced their projects in the Ring of Fire region of Northern Ontario. This increased international presence was indicative of the organization's diversification strategy. "Like most Fortune 500 companies, our business is not domestic-centric anymore", said Stolarzyk.

In support of its international growth, Cliffs also had an ongoing reorganization initiative to realign functions such as finance, tax and human resources globally, instead of regionally. It had therefore become even more important for senior management to be able to see the impact of the company's activities from a worldwide perspective. For the Canadian region, specifically, Cliffs had engaged PriceWaterhouseCoopers for planning and compliance services. While the company had put a self-identification process in place for individuals to determine compliance requirements, it was apparent that they also needed a mechanism by which to test its effectiveness. They had been doing this by having their travel partner, Travelocity, send them their employees' travel data which they would then load into Excel

spreadsheets once per year for analysis. "Trying to scrub the data in Excel was very cumbersome", said Stolarzyk. "We did that twice, before beginning a search for a more efficient way." The motivation to find a better process was also driven by the need to assess the impact of domestic travel by the company's employees. "The international issues smear into domestic concerns. We needed to examine our state-to-state travel and wanted to find a solution that could unearth any additional tax exposure in those areas, too."

Comparing Choices

It was clear to Stolarzyk and her team that Cliffs needed a technology solution to assist their cross-border and domestic travel compliance efforts. To this end, she invited KPMG and PriceWaterhouseCoopers to demonstrate their offerings. The exercise left her unimpressed: "There was little automation in the tools demonstrated by the firms. The process of retrieving relevant data was too labour-intensive; it required too much drilling down." Furthermore, the products lacked the polish expected by users at the senior management level. "These topics have an executive focus within our organization, often under review by the CFO. The data has to be summarized and presented in a streamlined way. The existing choices were not sophisticated enough to be used at this level."

borderFile

There was, however, another option to be explored. Through discussion with Grant Thornton, Stolarzyk learned of Toronto-based Blackspark Corporation.

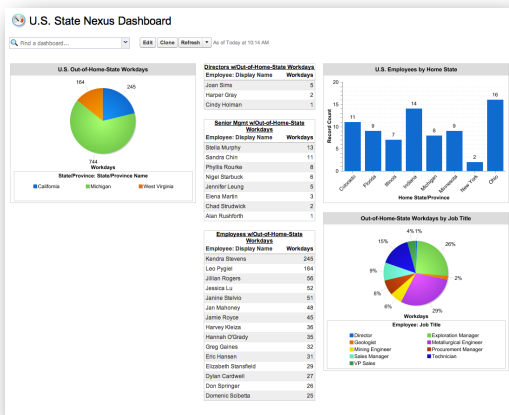
Blackspark had recently launched its borderFile software, aimed at helping customers with the very issues that Cliffs was addressing. Stolarzyk agreed to a demonstration of borderFile and this time around, the result was positive. “borderFile had the automation that I was looking for”, said Stolarzyk. “I could see how its design would eliminate our manual data gathering processes, rather than add to them.” As Blackspark demonstrated, borderFile had the ability to take employee travel data directly from Cliffs’ travel partners and make it instantly available for reporting. The software automatically logged each employee’s trips and performed the relevant compliance calculations for destination countries, based on each location’s tax year. Crucially, the solution could also be deployed without requiring travelers to fill out forms and answer tedious questionnaires. For Stolarzyk, the

executive-focused features that Stolarzyk found absent in the other products she had evaluated. “The reports and user interface, especially the dashboard displays, showed me that Blackspark really considered how executives will consume this data. An effective tool must be able to present a picture of exposure within five minutes of looking at it. Out of the various products I had seen, only borderFile did that.”

Moving ahead

With the selection process completed, Blackspark began working immediately on implementing the solution. “They were very responsive, with excellent follow-through,” said Stolarzyk. “They coordinated interviews with key personnel in our organization and our travel partners to get the required data. They kept me abreast of progress at each step of the rollout and even offered to fly in to train our users on-site. It has all been very efficient.” With a clear path to having their travel and compliance-related issues effectively managed now in place, Cliffs has already begun exploring additional uses for borderFile. “Employee movement is not only a tax issue,” said Stolarzyk. “Having a picture of where travelers are going is a powerful tool that we plan to leverage in other ways, such as risk management. If we can see, based on booked travel, that we will

have a concentration of employees in a country with a high risk profile, that is important information for us to know ahead of time.” Stolarzyk commented that borderFile may even influence their travel and expense oversight: “It makes sense to look at travel patterns and bubble up any consequences for vendor negotiations. If we see an increase in travel to a particular destination, for example, it may be time to review an airline contract.”



borderFile's dashboard displays give a complete picture of exposure, at a glance.

flexibility of the borderFile platform also impressed: “Early on in our discussions with Blackspark, I described our domestic state-to-state activity and asked if borderFile could accommodate those scenarios. They assured me that it could, with slight modification. By the next time we met, it was done, complete with specific dashboard displays of each state in which we do business.” These types of dashboards, in particular, were the

ABOUT BLACKSPARK

Blackspark Corporation is a Toronto-based enterprise software company. Our borderFile product is an innovative solution to the problem of Payroll Compliance for Business Travelers. It has been designed specifically to leverage a company's existing travel data systems, while imposing minimal burden upon individual travelers. borderFile's rich and flexible reporting system allows real-time identification of business travel compliance issues, thereby minimizing or eliminating risks before they occur.

Blackspark founders, Vic Arora and Ramon Tavares, are experienced high-tech entrepreneurs with a proven track record in launching and growing software ventures. Most recently, Mr. Arora and Mr. Tavares founded Epoch Integration Inc., an enterprise wireless venture. Epoch Integration helped its customer base manage their widespread mobile handheld deployments and infrastructure. Mr. Arora and Mr. Tavares grew the company to over 400 customer organizations and secured its position as the dominant leader in a highly competitive industry. This success resulted in the sale of Epoch Integration to BlackBerry in 2006.

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