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PROFILES

## Howard Adam: Data mine

Howard Adam's StakeTracker software has struck gold by addressing the growing need for community buy-in on high-stakes resource projects

By Glen Edwards

For every tech startup, there's always a difficult time when you have to "pull up your bootstraps," says Howard Adam, founder and president of the now successful SustainNet Software International Inc.

In 2009, the company found itself short on money to finish the final pieces of its signature StakeTracker software, an online data management tool targeting community consultation for the energy and mining sectors.

Adam was looking to drown his sorrows as a temporary distraction.

"I went to the pub on a Friday afternoon and bought the first beer and the saddest part is I didn't have enough money for that second beer. To me that about said it all. It was a matter of when the going gets really tough and you're just running out of cash, but you know there's a market for your product."

Adam left the pub and quickly put out a note to friends and family for some stopgap financing. By Monday, Adam had \$160,000 on the table to help see him to the finish line. In a year and half's time, he repaid everyone. A house remortgage and juggling of credit cards also helped fund the two-year development period.

Adam already had extensive experience with all available software to move a mining project forward. He had an executive role with GemTeck Environmental Software Ltd. (later renamed EQWin Software Inc.), a data management system for monitoring baseline and ongoing environmental conditions.

He then launched SustainNet, which then was a third-party seller of mining-related software dedicated to environmental monitoring and health and safety.

However, he noticed a market void for community engagement.

"Stakeholder relations was an area that was really underserved," said Adam. "In the environmental industry there's something like up to 5,000 products out there. There's books on all the different products you can buy, each one having their skew in certain areas. There were a few stakeholder products in Australia, but there was nothing out-of-the-box available in Canada."

StakeTracker's inspiration was sparked in a moment of making-lemonade-out-of-lemons when an Australian software provider decided to pull SustainNet's licensing agreement and move into the Canadian market directly.

Stuck without a stakeholder-relations product to sell, Adam undertook some improvised market-needs research.

"We still went around selling, but we changed our whole model from 'Here we have a product, will it fit?' to 'Let's have a look at what you need,'" said Adam. "And then we unearthed there's a lot more need here than existing products could deliver."

The ultimate step-off-the-ledge in terms of commitment was when Adam eliminated the third-party software sales that helped subsidize StakeTracker development costs.

StakeTracker software launched in July 2009. Annual sales have doubled every year since and are now well into the ballpark of seven figures. Staffing has jumped from the threesome of Adam, a salesman and a developer to 14 full-time equivalents. The company now has sales representation in England and is opening an office in Toronto to serve eastern Canadian clients.

StakeTracker software is a central depot for all communications surrounding an organization's proposed project with community impacts, which includes a growing client list covering mining, oil and gas, alternative energy, infrastructure and transportation sectors.

The software records and documents all communications and interactions between project proponent and aboriginals and stakeholders. The library of data can include comments, identified issues, promises and signed-off agreements generated from news coverage, phone-calls, open houses, emails and formal and informal meetings.

Adam estimates that a larger project can include 20,000 communications and up to 50,000 stakeholders, managed by a senior company overseeing 100 projects at one time.

A catalyst for StakeTracker's growth was the 2004 Supreme Court of Canada ruling that underlined the requirement for governments and resource companies to consult and accommodate First Nations interests. In addition, companies must prove they have addressed and mitigated all issues.

"The value of stakeholder relationships is 100% equal to the gold in the ground," said Adam. "If you can't get that out because of a community blockade or problem you've lost the value of the commodity."

Alderon Iron Ore Corp. (TSX: ADV), part of the Vancouver-based Forbes West group of companies, is currently undertaking public consultation as part of the environmental assessment review process for its proposed Kami iron ore mine in Labrador.

Todd Burlingame, Alderon's executive VP of environment and aboriginal affairs, said using StakeTracker to manage the information flow and follow up activities was essential in producing an air-tight environmental impact statement (EIS) that clearly showed extensive public consultation and identified public concerns and the linkage to the mitigations proposed.

"The software allowed us to get ahead of many of the key issues. We were able to more quickly understand what the issues are and be able to identify what we are able to do to try and mitigate those concerns," said Burlingame.

StakeTracker not only fast-tracks the process of consolidating data to prove a company's done its due diligence but it also provides a level of certainty and confidence that can avoid regulatory delays.

SustainNet is no magic wand. If you have a high-grade uranium deposit sandwiched between a salmon-spawning river, an ancient burial ground and a newly found den of unicorns, your project is mostly likely out of luck. The success of StakeTracker ultimately relies on the efforts and rigour of companies to undertake meaningful consultation, input content and make accommodations.

But publicized projects going sideways, including TransCanada Corp.'s (TSX:TRP) proposed Keystone XL Pipeline and Taseko Mine Ltd.'s (TSX:TKO) planned Prosperity mine, have made it clear to industry that lack of community buy-in can torpedo commercial interests

"Smart companies initiate consultation at an early stage. If you want to get a project through the environmental assessment process in a timely fashion, be truly sustainable, and have the company be part of the social landscape, you have to identify the issues and get ahead of them early in the game," Burlingame told Business in Vancouver during a public information session in Labrador City.

"We're here now continuing with our public engagement plan. This is beyond the minimum EA requirements. It's just good business."

StakeTracker's current and past client list includes conventional bigwigs like ConocoPhillips (NYSE:COP), Devon Energy Corp. (NYSE:DVN), Imperial Oil Ltd. (TSX:IMO) Suncor Energy Inc. (NYSE:SU), Cameco Corp. (TSX:CCO), BHP Billiton Ltd. (NYSE:BHP), Hunter Dickenson International Inc. and Kinder Morgan Inc. (NYSE:KMI).

However, StakeTracker is attracting a wider audience, some of which Adam never considered, including exploration stage companies wanting to prove to potential buyers there's no community red flags, retail stores looking to track attitudes to community outreach and sponsorship initiatives and First Nations bands seeking to ensure there is more than one voice of record for a project's consultation history. •

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