

Major Oil Company Improves Results by 100% Aligning Technology with Business Value

Company Description

Our client, one of the world's largest oil companies, conducts R&D in a dozen major areas, including heavy-oil technology. Heavy oil comprises 50 per cent of known oil resources, but represents just one-in-ten barrels in production. As the world's premiere heavy-oil developer, our client has a major stake in exploiting this valuable opportunity.

Business Situation

The company was spending more than \$40 million per year on a heavy oil research portfolio of some 40 projects in various stages of development. To obtain a better return on its investment, the company needed to address four major challenges to accelerating deployment of technology.

- **Aligning technology more closely to creating business value.** Engineers and scientists were adept at exploring and creating technology ideas, but they had difficulty selecting projects that could create the most business value for the company.
- **Tight budgets and long-development cycles.** Corporate executives were demanding "more for less" and expecting R&D to deliver faster business results.
- **Inconsistent project evaluations.** To justify projects, managers developed individual business cases with a bias toward optimistic projections. Because it was difficult to objectively compare projects, management was often forced to make "thumbs-up or thumbs-down" decisions.
- **Slow development pipeline throughput.** Too many projects languished in the pipeline long after they should have been killed, absorbing valuable resources that could be applied to more valuable projects.

Solution

SmartOrg consultants worked with the heavy oil portfolio manager to implement a value-based management process enabled by Portfolio Navigator® enterprise software based on meeting three key requirements:

- Accelerate development to create earlier business value
- Continuously improve the value created by the heavy oil portfolio
- Align the organization's work tightly with corporate business objectives

Results

Improvements in the quality and speed of decision making enabled the portfolio manager to achieve dramatic improvements in his organization's performance within a year following implementation of Portfolio Navigator software.

TECHNOLOGIES / SERVICES

Value-based strategy consulting

Portfolio Navigator enterprise software

BENEFITS

100% increase in portfolio value—from \$40 to \$80 million

100% improvement in projects moving to implementation

Doubled the number of projects terminated early

50% increase in the number of new projects initiated

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SmartOrg software and services help companies discover their most profitable opportunities. We provide solutions for the economic evaluation of opportunities, especially when the future is clouded with uncertainty.

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