

Getting decisions right from the start

Is your capital project on track?

*Getting the
right advice is
crucial
considering
the costliness
of capital
projects*



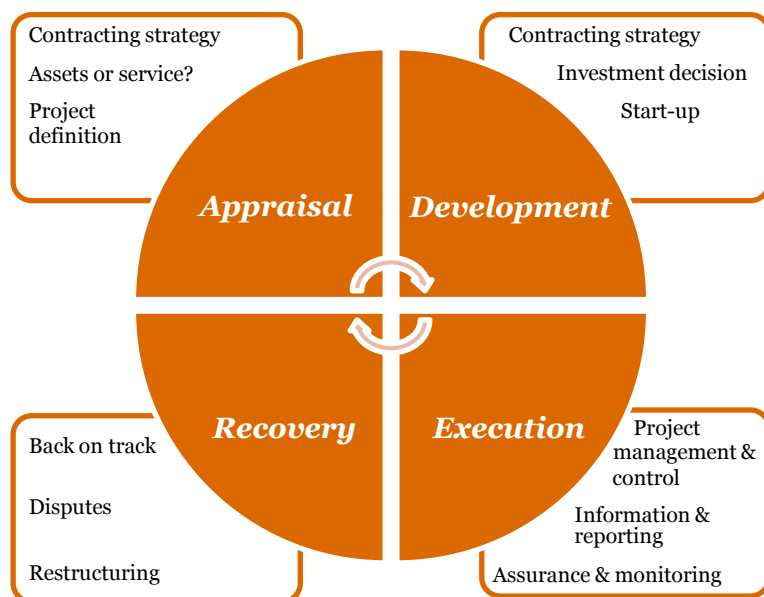
Capital projects lifecycle

Introduction

By their nature, capital projects are not part of day-to-day operations.

Whether related to infrastructure, construction of a new plant, buildings or systems, they require separate financing, management, governance and assurance. The scale of projects in the energy sectors present immense challenges at the best of times.

From project appraisal all the way through to completion and operation, a solid project management strategy will optimise your capital project delivery, ensuring survival in the downturn, and emerging stronger and better positioned.



Does your project have governance challenges?

- How often does your organisation undertake capital projects as part of its business?
- Is the project critical to your strategic business objectives and/ or revenue?
- What is your organisation's track record of performance in capital projects?
- What is the political/regulatory environment in which your project is being delivered?
- In how many locations is your project being delivered?
- Are the business and project teams co-located?
- How well is the end state, how technically complex is the solution?

“Cost overruns in major infrastructure projects are often 50-100%”

Major capital projects have a track record of costs overruns and being delivered late. We help project owners and investors address these challenges and understand if their projects are “on track” to deliver the planned business benefits

Throughout the project lifecycle issues arise which need to be managed to optimise returns and increase the likelihood of benefits being realised for stakeholders.

Case in point

Client	Energy and gas company
Project	Capital project procedures risk and control review
PwC role	<p>The company wished to invest several billion dollars to increase its production capacity. Client issues included the following:</p> <ul style="list-style-type: none">• Past projects were greatly over budget and time• Limited project and oversight skills• Organisation was heavily reliant on EPC¹ contractors for project and industry expertise• Internal audit lacked capital project skills• High level of external stakeholder involvement and scrutiny• Not sure of what they needed from a risk, governance and compliance perspective <p>What we did</p> <ul style="list-style-type: none">• Provided PMO² resources to supplement the governance function• Performed a risk and governance review to identify and prioritise issues• Assessed project resources, skills, capabilities, system and processes• Developed a high level schedule of when to have key activities in place• Developed an annual audit and review plan – began reporting quarterly to the project executive• Became a 'project advisor'• Developed a 'portfolio program view'
Success	<ul style="list-style-type: none">• Alignment project performance with project sponsor expectations• Increased visibility of contractor performance• Process in place to lead to project success and quickly highlight project potential actions necessary

¹ Engineering, Procurement and Construction

² Project Management Office

PwC's role

PwC has considerable experience in the delivery of major capital projects. In the Project Advisor capacity we adopt a Review, Design, Apply and Monitor framework to improve project performance at any stage of the project lifecycle

Typical roles include advising on:

- The business case, strategy and alignment to stakeholder requirements
- The organisation's readiness to commence a project, the maturity of project management controls and delivery capability
- The ongoing commercial viability, cost and value drivers through an independent financial review
- The cost and schedule status of active projects within programmes/portfolios through schedule and milestone analysis, in particular critical path analysis
- Commercial and procurement strategy, risk allocation and incentives
- Portfolio management and providing project management expertise in either a lead or support role

To have a deeper conversation, about how this subject may affect your business, please contact:

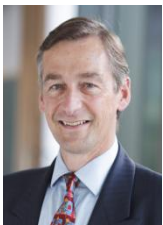


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