



Petrofac Limited
London, England
www.petrofac.com

Industry:

Oil & Gas

Annual Revenue:

US\$3.33 billion

Employees:

11,000

Oracle Products & Services:

Primavera Risk Analysis

“Oracle’s Primavera Risk Analysis increases our confidence in our ability to understand risk and deliver on our reported budgets.”
– Paul Green, Head of Enterprise Risk Management, Petrofac Limited

Petrofac Limited Translates Risks into Business Opportunities

Petrofac is a leading facilities and infrastructure solutions provider to oil and gas production and processing industries. From 24 offices worldwide, the group’s seven business units leverage their competencies in engineering, building, and operating oil and gas facilities to maximize value to customers and generate sustainable growth in shareholder value.

Challenges

- Improve corporate budgeting accuracy by incorporating risk-adjusted forecasts into budgeting for all seven business units
- Calculate both the predictable and random elements of business activities to more accurately determine investment performance
- Report accurate, real-time adjusted “best and worst” outcomes and “predicted versus actual” performance figures to the board
- Improve quality and timeliness of reporting to shareholders and investors in the company’s oil and gas facilities solutions

Solution

- Extended Oracle’s Primavera Risk Analysis, currently used successfully by global business units when bidding for oil and gas facilities contracts worth up to US\$4 billion, to the corporate planning and budgeting teams
- Replaced the disparate spreadsheet-based tools used to predict and quantify risk and uncertainty in corporate budgeting with Primavera’s probabilistic simulation and optimization models
- Applied Primavera’s Monte Carlo-based stochastic modeling tools and computational algorithms to forecast the range of possible results for predictable actions and random variables
- Used Primavera Risk Analysis to put parameters around the range of possibilities and predict P10 (pessimistic), P50 (intermediate), or P90 (optimistic) probabilities for each event
- Used the probability distributions of potential outcomes to quantify and balance upside opportunity and downside risk
- Gained ability to continually recalculate corporate risk profile in line with project portfolio and adjust predictions dynamically
- Leveraged reporting tools in Primavera Risk Analysis to present risk-adjusted financial forecasts to the board
- Benefited from the intelligence extracted using Primavera Risk Analysis to generate predictable, long-term returns from a diversified portfolio of investments