

# Achieving Predictable Project Costs in an Unpredictable World

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**Can Contracting Strategy Influence Cost  
Predictability?**

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CONFERENCE

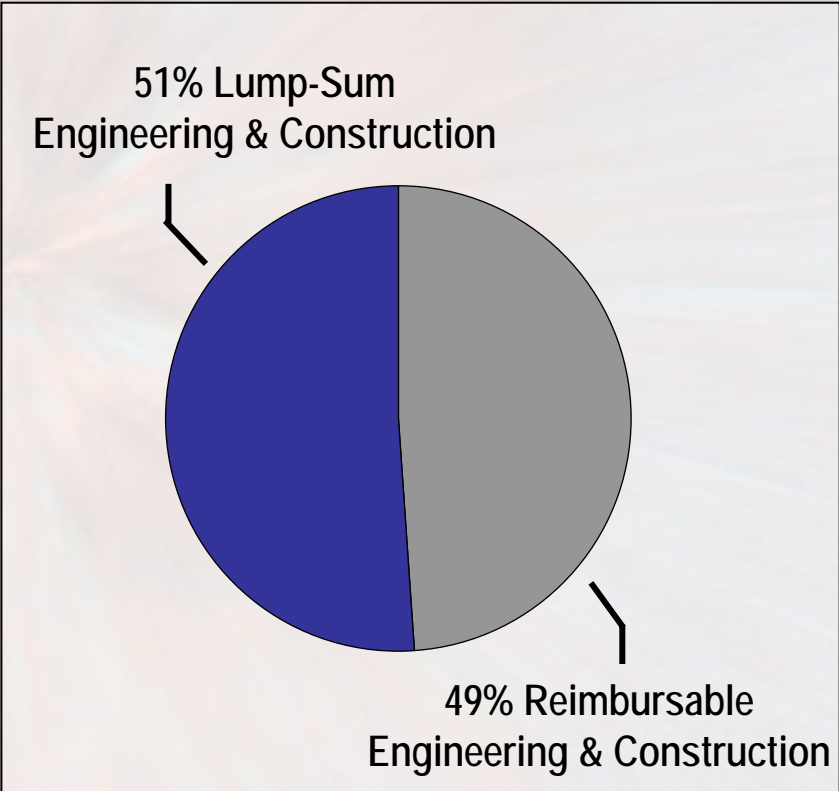
**THRIVING TODAY & TOMORROW**



# IPA Has Benchmarked 80 Recently-Completed Large Capital Projects

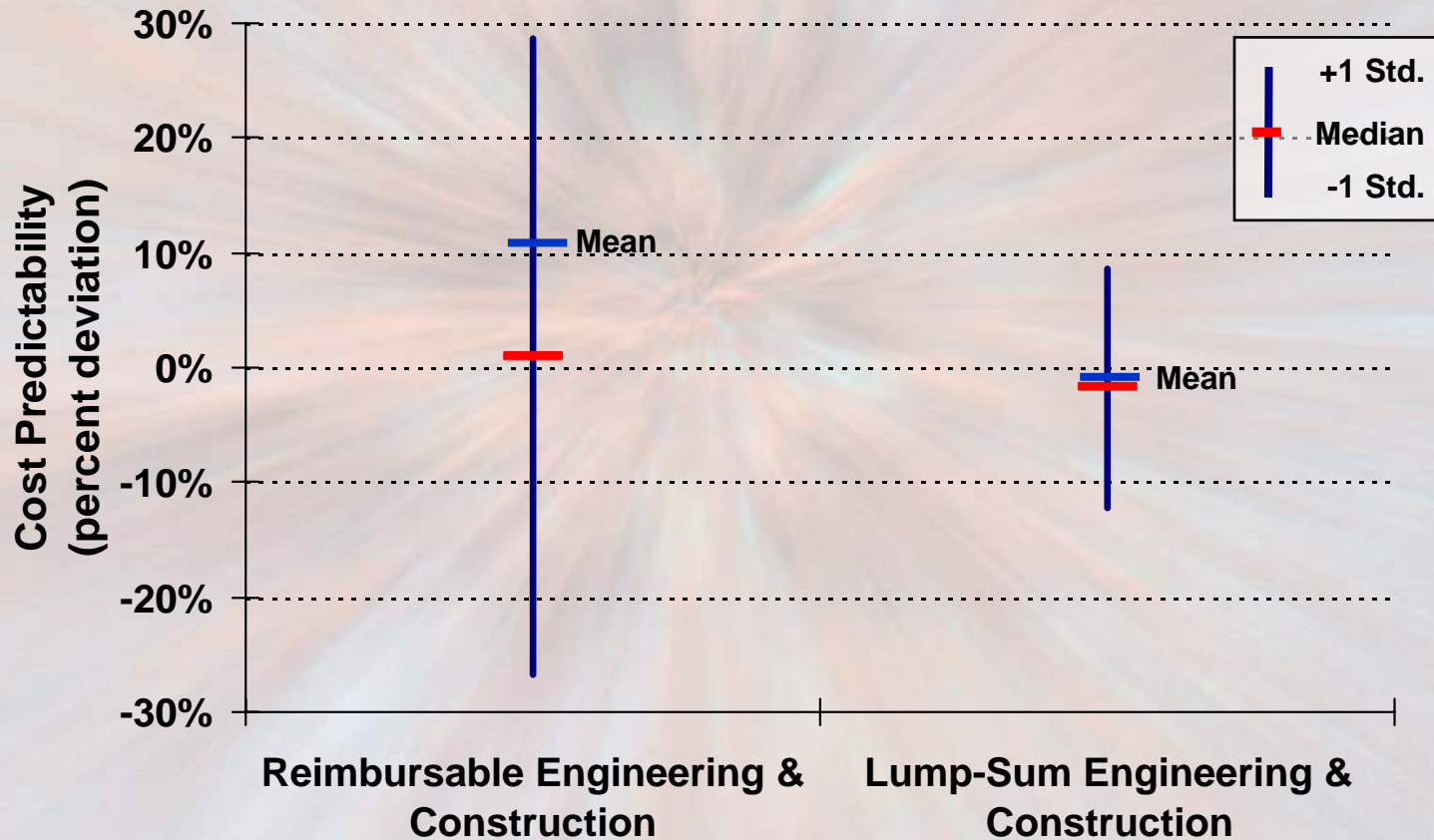
Project Characteristics

- US\$ 204 million to US\$ 2.1 billion
- 25 companies
- 22 countries



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# Lump-Sum Contracting Improves Cost Predictability for Large Projects



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# Questions

- Lump-sum contracting improves cost predictability for the owner—do contractors then see the same cost variability as the owner would if the contract were reimbursable?
- Is the premium paid by the owner to achieve cost predictability on lump-sum contracts worth it?
- Use of best practices improves cost predictability for the owner in reimbursable contracts—is this a better route to achieving predictability?

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