

Alliances – Contract Based Relationships between Owners and Contractors

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PLENARY SESSION 1



REPOSITIONING THE PROJECTS BUSINESS IN A WORLD WITH CHANGING BOUNDARIES

Important Macro Level Trends

- Hydrocarbons and mineral resources are in increasingly remote places
- Market demographics are changing
 - Location
 - Cost sensitivity
- New sourcing, fabrication and execution methodologies are emerging
- No change to the imperatives of safety, quality, cost and schedule

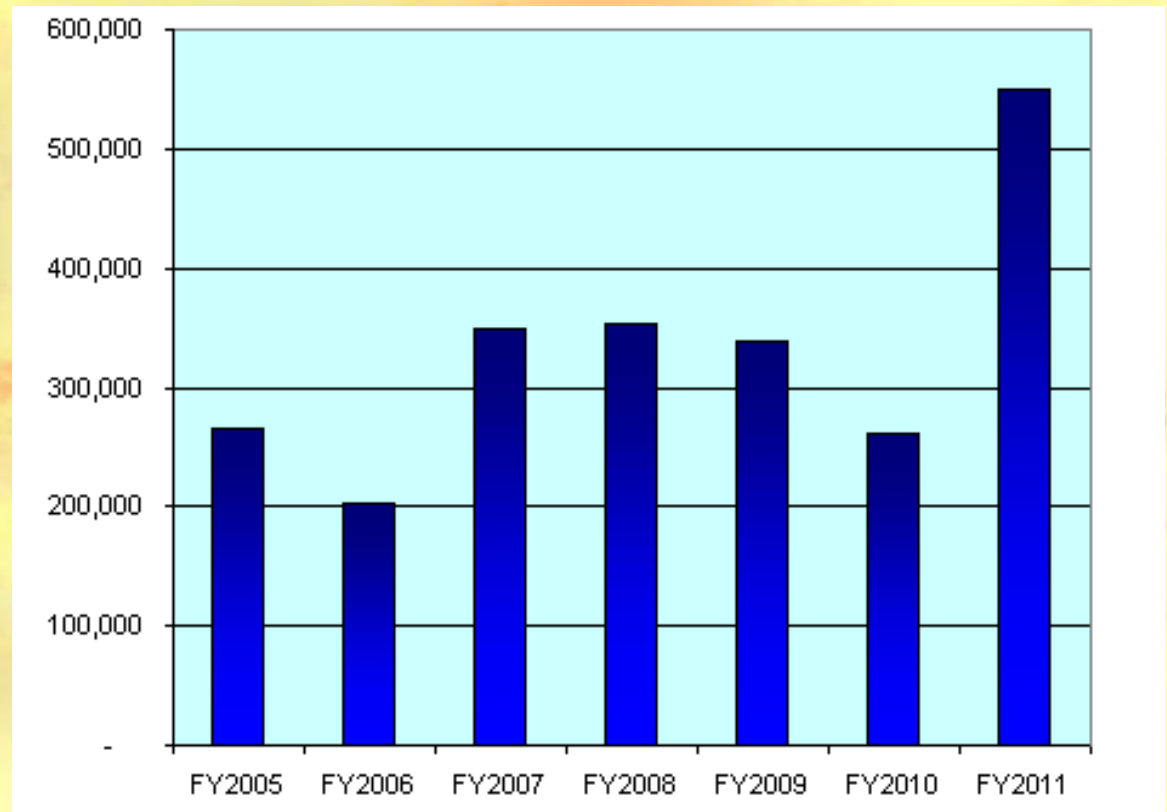
What does this mean for our customers?

- Shift from technology to execution logistics as critical factor
 - location specific factors
 - HVE
 - HVPD
 - IP protection
- For many this means close, global relationships with one or more contractors

Case Study: Productivity

Customer's
Annual CAPEX
has increased by
50 percent; yet
headcount has
been reduced by
40 percent

Increasing Return on Investment



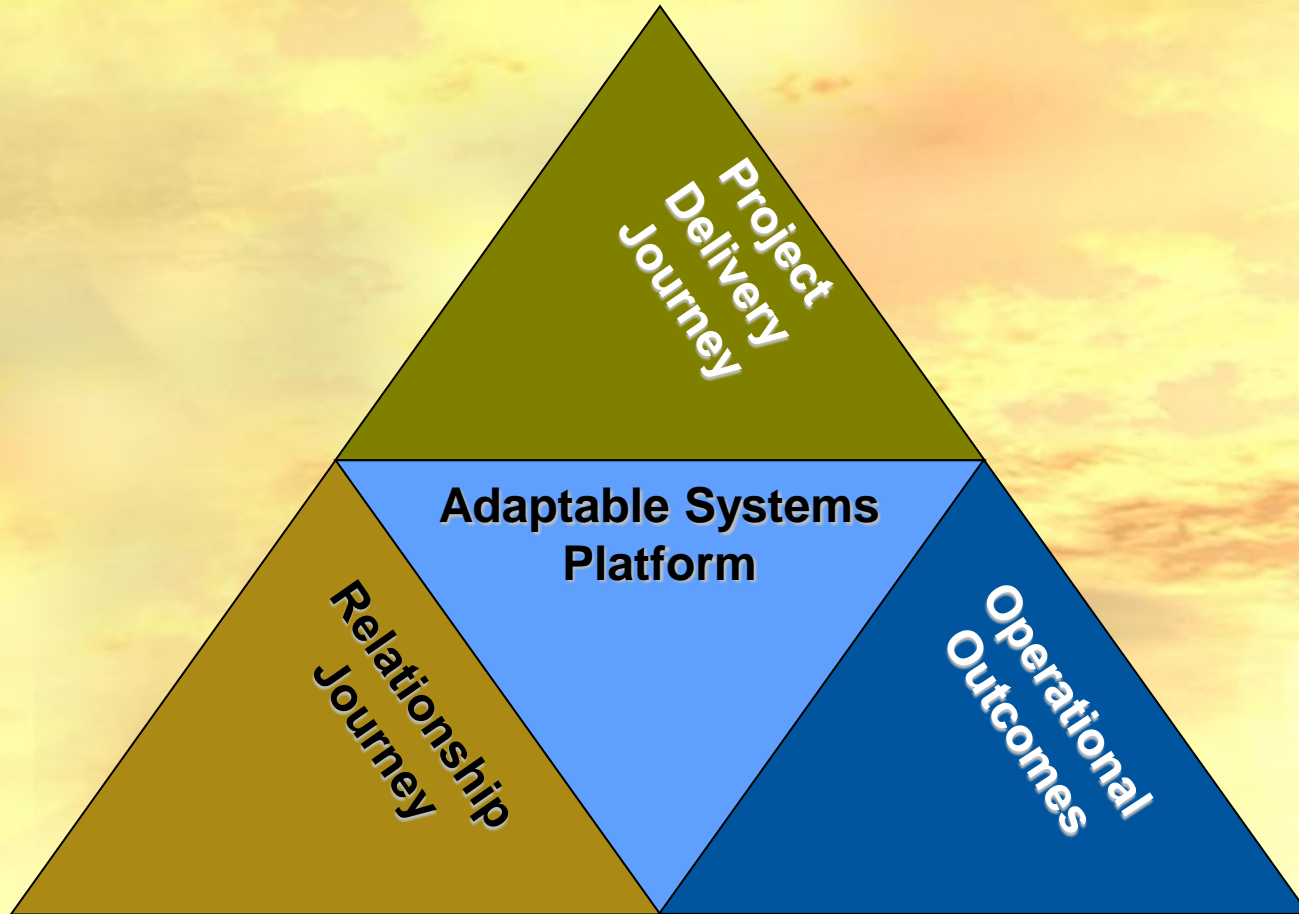
What does this mean for contractors?

- Location specific knowledge
 - Asset location
 - Execution locations
- Globally consistent project delivery in a multi-location environment
- Access to lowest life-cycle cost engineering, sourcing, fabrication and construction
- Systems and processes that adapt to customer needs
- Ability to demonstrate continuous improvement

WorleyParsons reaction to market drivers

- Development of strong global footprint in resource and market rich locations – from 18 locations in 2002 to 139 in 2011
- Ongoing investment in easily deployable and usable processes and systems
- Alignment of business practices to serve global customers while retaining local presence and capability
- Thought development in the needs and nature of long-term relationships

Pyramid of Value Journeys



The Project Delivery Journey

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The Project Delivery Journey

Need

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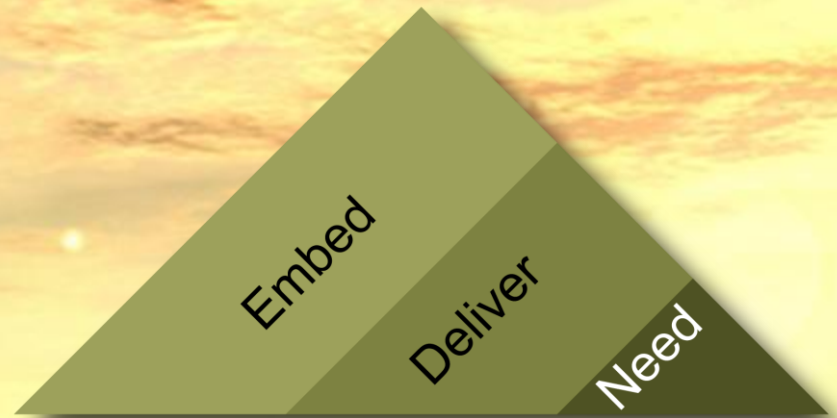
The Project Delivery Journey



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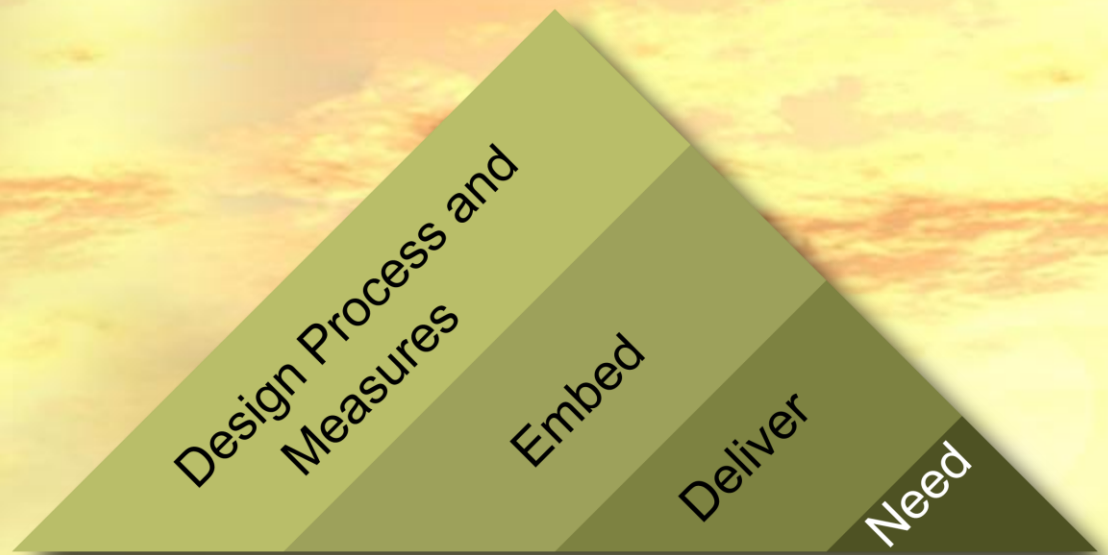
The Project Delivery Journey



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The Project Delivery Journey



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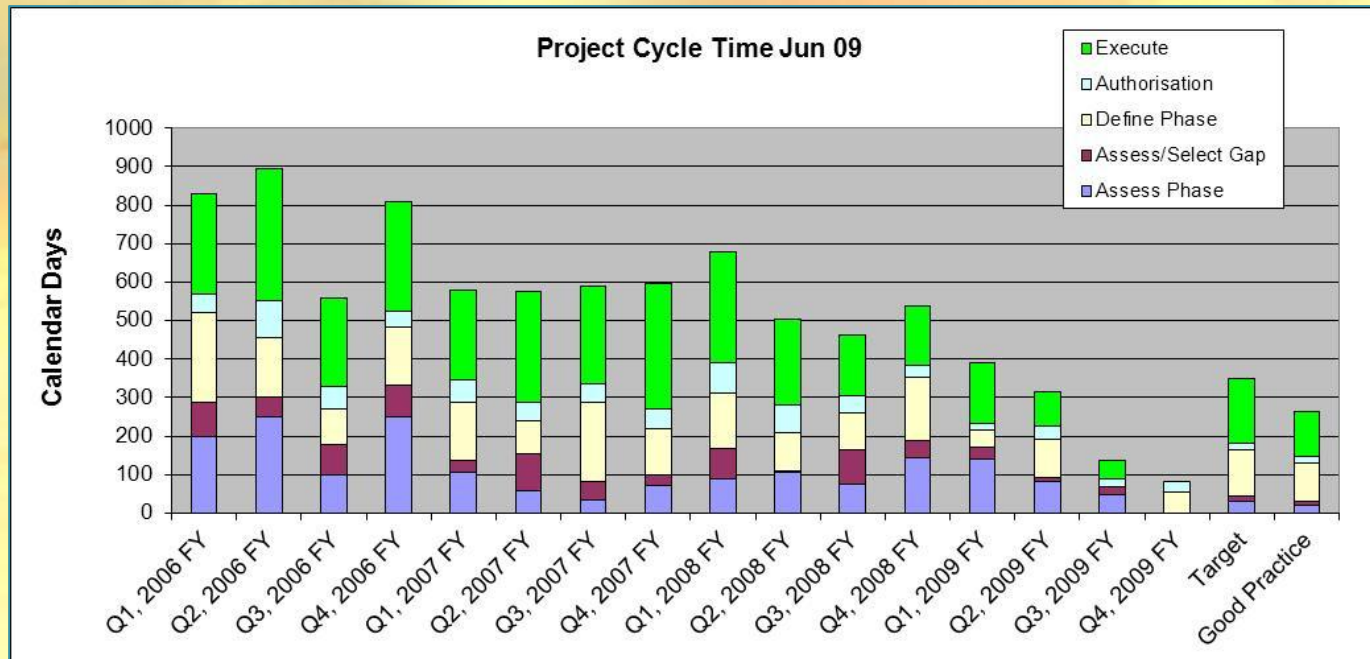
The Project Delivery Journey



Example of Project Delivery Journey

Reducing project cycle time increases the NPV of our customers' assets

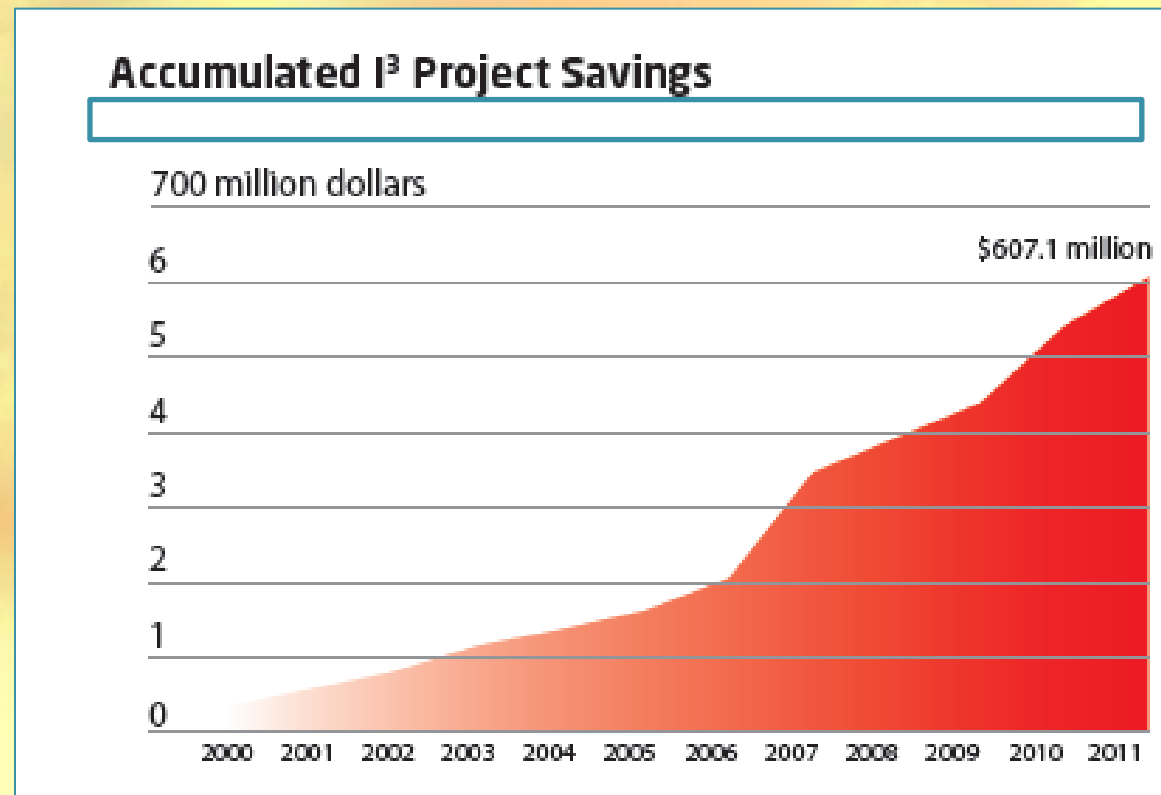
For this customer it meant \$50 Million



Savings Delivered to Oil Sands Client

The I³ (Ideas, Improvements and Innovations) program began in 1995 as a way of demonstrating project value creation to the customer.

This program has generated \$607.1 million in savings since 2000



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The Outcome Journey

Interdependent

Dependent

Independent

Projects

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The Outcome Journey

Interdependent

Dependent

Independent

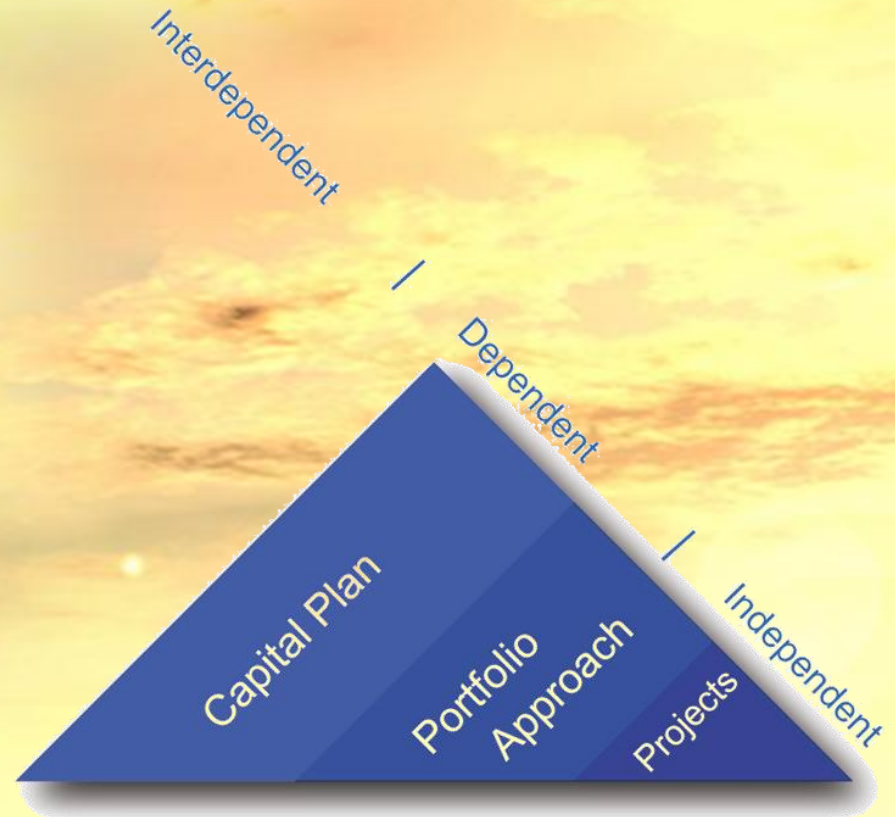
Portfolio
Approach

Projects

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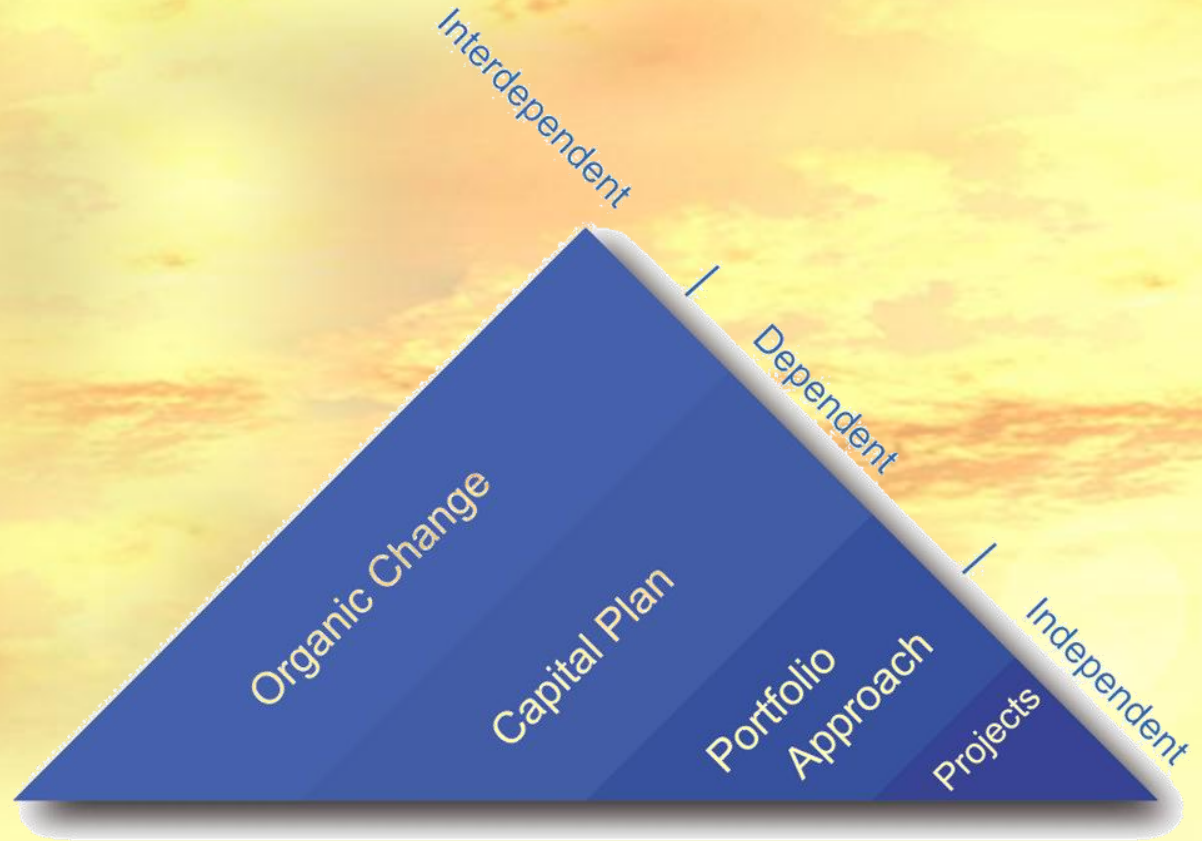
The Outcome Journey



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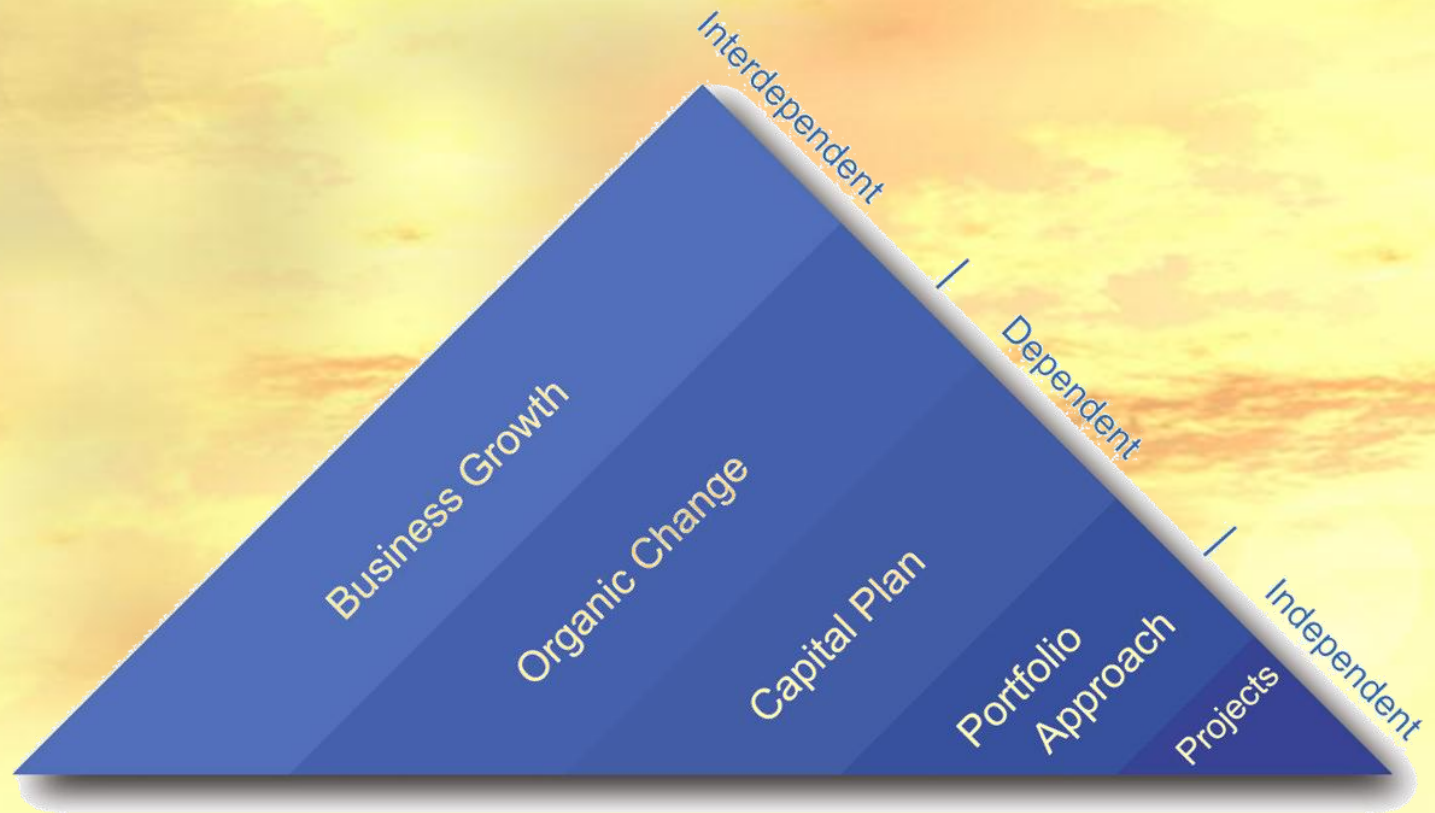
The Outcome Journey



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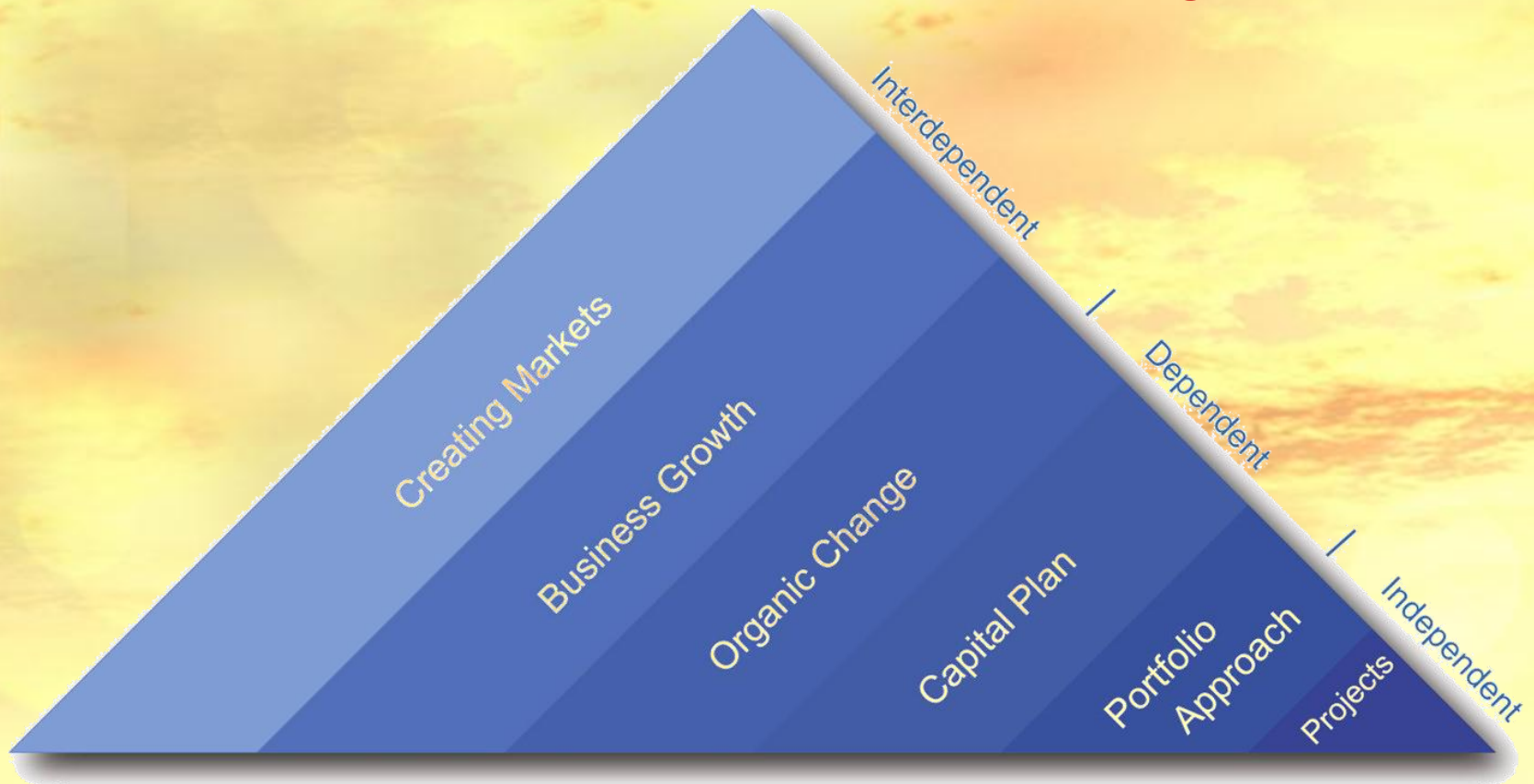


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The Outcome Journey

From Service to.....opportunity creation



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Example of the Outcome Journey

- Entry into ***Difficult Oil & Gas*** Markets with IOC
 - Arctic
 - Heavy Oil
 - Deepwater
 - Unconventional Oil & Gas

Key acquisitions and integration of INTEC Engineering and SEA Engineering facilitated access to first-of-kind technology advancements

Example of the Outcome Journey

African Procurement Initiative

Client and WorleyParsons have jointly developed a procurement partnership to create non-project business outcome value for the client's operating divisions.

Value Beyond Projects

Set up Best-in-Country Sourcing Centre in China with an aim to drive the investment cost down and improve the project turnover time.

African Client / WorleyParsons Journey

2008

JAN 2008 – First JV agreement signed

2009

JUNE 2009 – Framework agreement in Country signed through to 2015

2010

FEB 2010 – Award GTL Technical Services 1 year agreement

APR 2010 – Commenced mobilisation of framework agreement for Refinery

JUN 2010 – Awarded Coal Study

JUN 2010 – EPCM project awarded for Refinery

2011

JAN 2011 – Award for two year extension

JAN 2011 – Acquisition creates local presence of 1,000 personnel in country

JAN 2011 – Client and WorleyParsons create industry leading procurement centre



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The Relationship Journey

Relationship Journey

Ad Hoc

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The Relationship Journey

Relationship Journey

Contract

Ad Hoc

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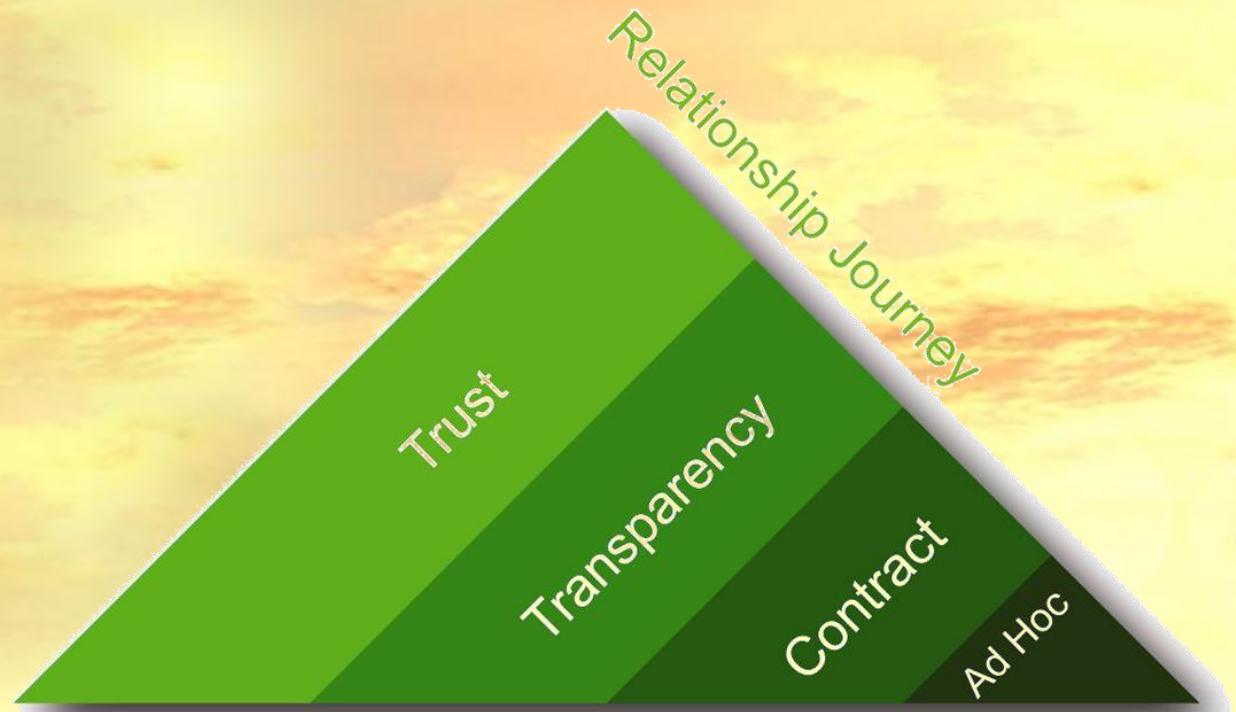
The Relationship Journey



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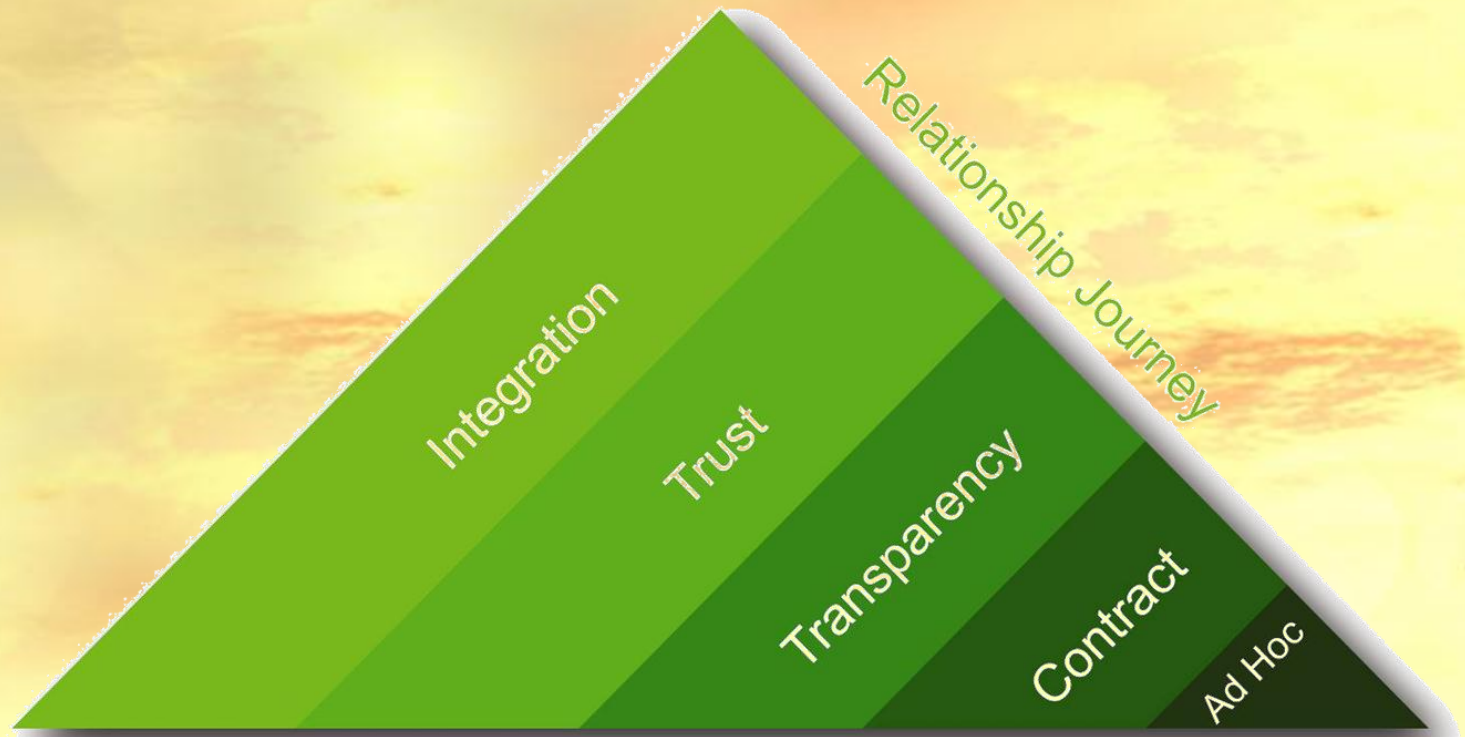
The Relationship Journey



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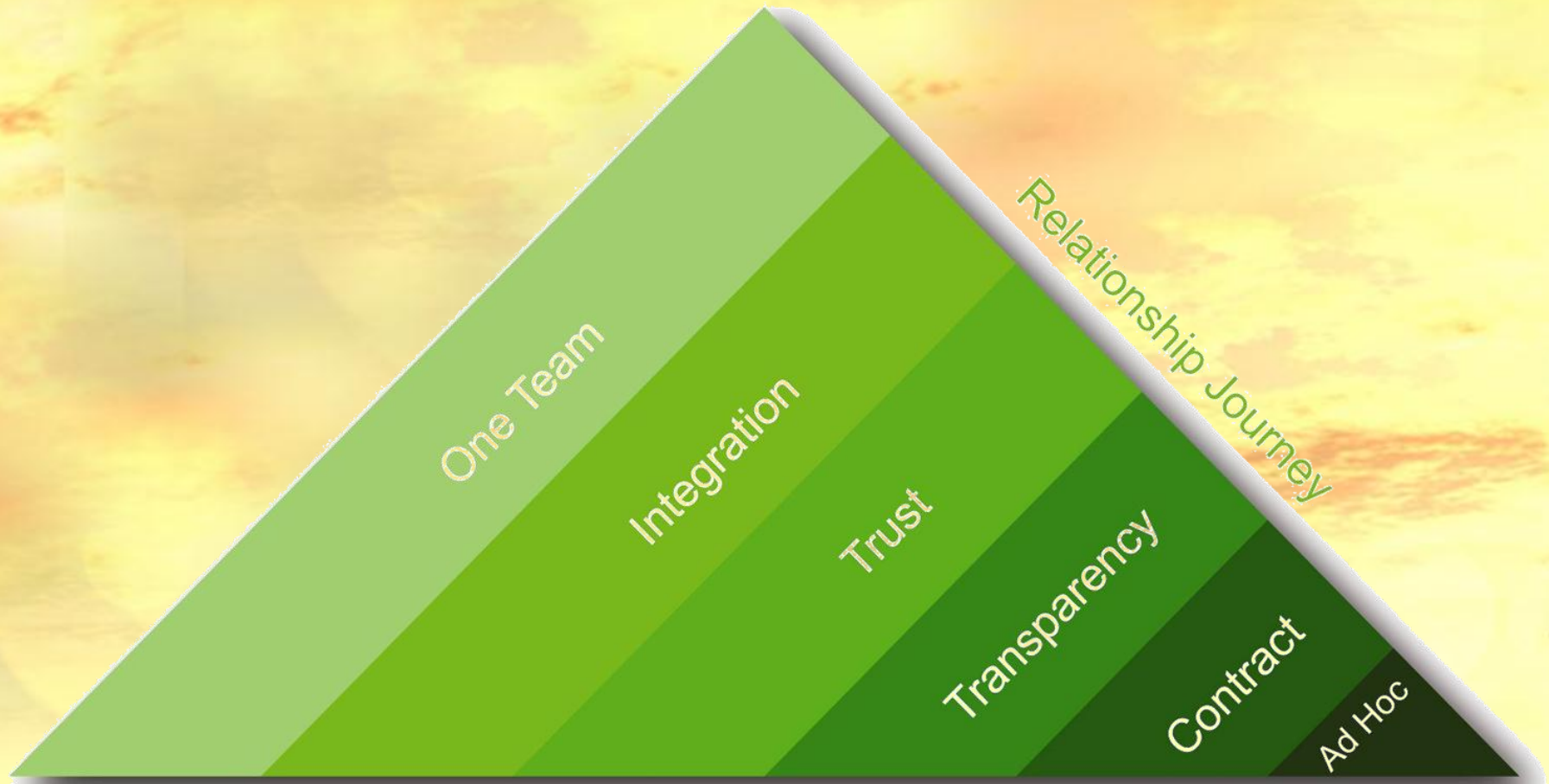
The Relationship Journey



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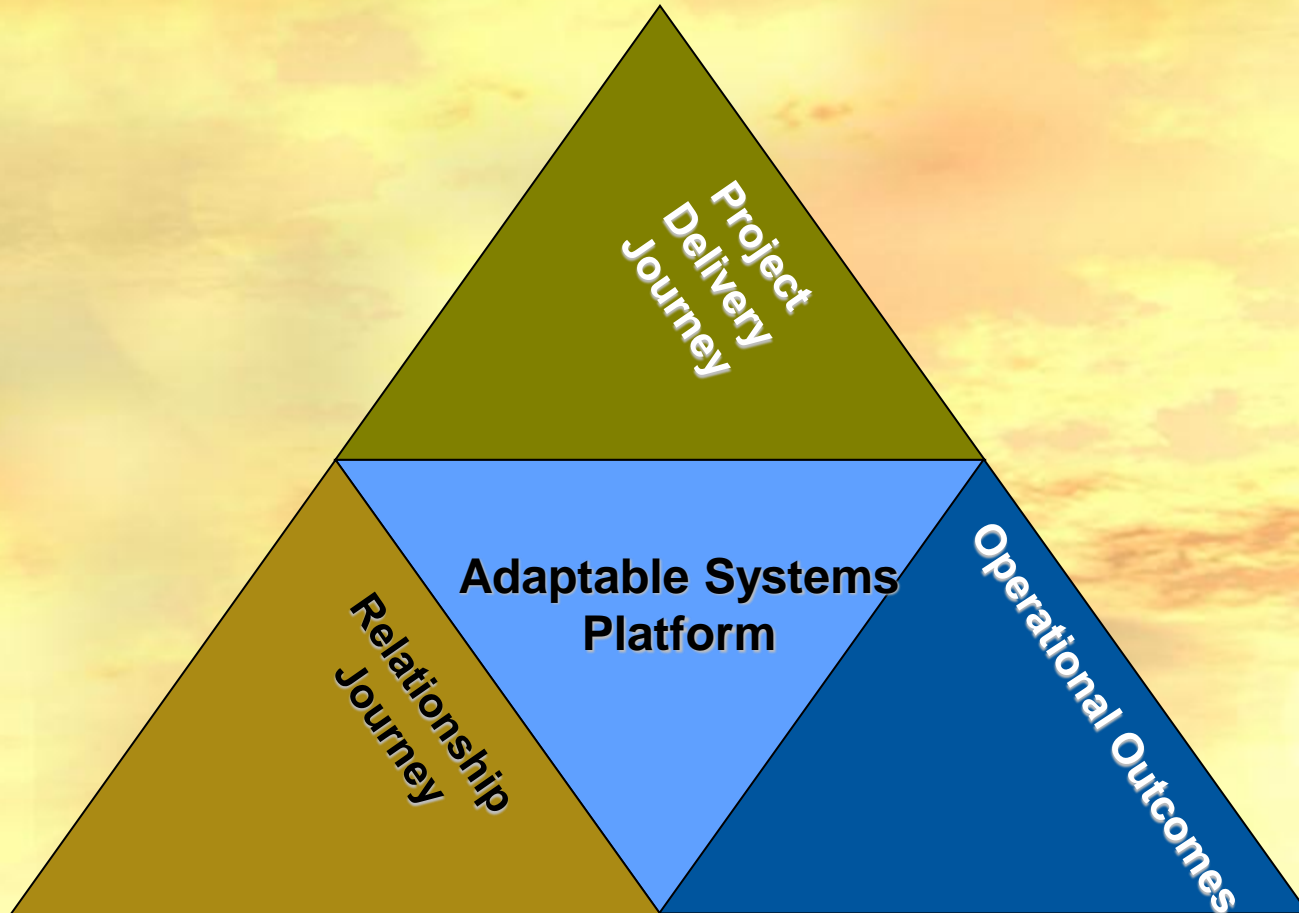
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Example of the Relationship Journey

- Major IOC
- Onshore, Offshore, Subsea agreements in place
- Global EPCM Support
- Greatest benefits come from:
 - 1. Consistent application of global systems and procedures, e.g. Procurement***
 - 2. High quality and safety focused engineering***
 - 3. High quality inspection and quality assurance***

The Journey...



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engineering and construction contracting association



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September 7-10, 2011

JW Marriott Desert Ridge, Phoenix, AZ

How are owners, contractors and suppliers adapting to successfully execute projects and reposition their businesses in the ever evolving project environment?



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