Alliances – Contract Based Relationships between Owners and Contractors

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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

[Bar chart showing FY2005 to FY2011 data with increasing values from FY2005 to FY2011]
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

- Project Delivery Journey
- Adaptable Systems Platform
- Operational Outcomes
- Relationship Journey
The Project Delivery Journey
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The Project Delivery Journey
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The Project Delivery Journey

- Need
- Deliver
- Embed
- Design Process and Measures
The Project Delivery Journey

- Need
- Deliver
- Embed
- Design Process and Measures
- Gap Analysis/Value Streams
The Project Delivery Journey

- Baseline
- Gap Analysis/Value Streams
- Design Process and Measures
- Embed
- Deliver
- Need
Reducing project cycle time increases the NPV of our customers’ assets.

For this customer it meant $50 Million.
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.
The Outcome Journey
The Outcome Journey
The Outcome Journey
The Outcome Journey

- Interdependent
- Dependent
- Independent

- Organic Change
- Capital Plan
- Portfolio Approach
- Projects
The Outcome Journey
The Outcome Journey

From Service to......opportunity creation
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.
<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
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<tbody>
<tr>
<td>2008</td>
<td><strong>JAN 2008</strong> – First JV agreement signed</td>
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<tr>
<td>2009</td>
<td><strong>JUNE 2009</strong> – Framework agreement in Country signed through to 2015</td>
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</table>
| 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 |
The Relationship Journey
The Relationship Journey
The Relationship Journey

- Trust
- Transparency
- Contract
- Ad Hoc
The Relationship Journey

Integration
Trust
Transparency
Contract
Ad Hoc
The Relationship Journey

- One Team
- Integration
- Trust
- Transparency
- Contract
- Ad Hoc

Journey into Uncharted Territories

43rd Annual ECC Conference
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…

- Project Delivery Journey
- Adaptable Systems Platform
- Operational Outcomes

Journey into Uncharted Territories

43rd Annual ECC Conference
Journey Into Uncharted Territories

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

Repositioning the Projects Business in a World with Changing Boundaries

September 7-10, 2011
JW Marriott Desert Ridge, Phoenix, AZ