

esi.portfolio Success Story

How One Company Increased Value by \$900MM and Reduced Planning Cycle Times

3esi • Enersight

“We optimized one of our regions on value within the context of the entire company in 15 minutes.”

“This has changed the way we look at capital allocation.”

THE CHALLENGE

Find a better way to provide long range planning analysis for the executives, balancing among US based resource plays and international exploration, especially in an environment of volatile oil prices.

A U.S.-based oil company recently told us how our esi.portfolio software cut the time required to evaluate strategic scenarios to less than 4 hours and increased the value of the company by over \$900 million. The client requested anonymity, but they were excited to share their experience with our product.

Each region ranked their projects and submitted their budget request, which was approved if it cleared a target rate of return. There was no view across the company on how capital should be allocated to provide the best value.”

“The budgeting group had 100MB spreadsheets for each region. These took 15 minutes just to open!”

The planners would work for days, trying to shift rig lines back and forth in time to optimize the plan for a certain price deck.

“They might get a pretty good plan for the region, but they could not optimize across regions. Absolutely couldn’t do it.”

A NEW WAY FORWARD

That year, the CEO declared, “We will treat the company as an integrated portfolio and allocate capital for the best overall performance.”

This work was done by a new portfolio group using esi.portfolio software, 3esi’s advanced analytics platform.

ABOUT ESI.PORTFOLIO

esi.portfolio is an analytic platform for evaluating decisions related to strategy development, portfolio management, capital allocation and M&A.

Our software can help companies gain insights into their performance potential and their strategic alternatives at a corporate or business unit level. This is done in the context of their existing business, their risks and uncertainties, and their opportunities and objectives.

esi.portfolio brings together data (financial and operational) and the business context (business goals, assumptions, constraints, etc.) to address decisions involving risk or uncertainty.

THE BENEFITS

The benefits for this client were clear and immediate. They can now optimize the whole company, analyzing a scenario through several iterations, in a half of a day.

“We optimized one of our major regions on value, within the context of the entire company, in fifteen minutes, adding \$900 MM to the value of our plan.”

“After portfolio analysis, many regions got less money, but their average rate of return went up relative to what they submitted. That was an eye opener. This has changed the way we look at capital allocation.”

THE RESULTS

Initially there was a bit of competition between the new portfolio group and the budgeting group. But once the budgeting group saw what could be done with esi.portfolio, they said,

“Why are we trying to do this by hand? The portfolio guys can optimize regionally and across the company, all at once. And with a 20 year planning horizon.”

The new approach massively reduced the workload on the planners. The budgeting group imports datasets from Aries™, like they always have. The portfolio group pulls their data right into esi.portfolio.

“We didn’t try to change the whole planning process. We run the optimization and hand the selections back to the planners, who crunch the details for the regions and the financial executives.”

Experience the benefits of esi.portfolio for yourself with a customized demonstration

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