

# Optimize Capital Investment Portfolios in the Utilities Industry

Oracle's Primavera Portfolio Management solutions helps you clarify objectives; analyze, prioritize, and select investments; and track performance throughout investment lifecycles—delivering robust, long-range portfolio planning that increases the value of capital expenditures, mitigates risk, and reduces costs.

## Investments are driving value

Capital planning in the utilities industry is often difficult. Predicting costs, measuring ROI, and assessing project risks are especially challenging. But with long project timelines, billions of dollars in assets, and the huge amounts of capital required to sustain and grow businesses, capital planning is essential to the success of power generation, transmission and distribution, and water and gas utilities. Enterprises in these industries must ensure that their investments are driving value, reducing costs, and improving operations.

Combining repeatable governance procedures, consistent evaluation metrics, the ability to capture and analyze all relevant data, and easy access to historical data, Primavera Portfolio Management solutions helps you implement an enterprise wide, automated planning process. You can balance long-term capital investments against short-term market dynamics by continuously tracking projects and quickly adapting your portfolio to reflect relevant changes to ensure organizational goals are met. The heightened visibility and accountability delivered by Primavera Portfolio Management solutions lets project teams collaborate transparently, streamline processes, and use resources more efficiently across both large and small capital projects. By reducing project portfolio costs and speeding time to completion, the solution helps you make smarter decisions that deliver greater enterprise value

## Balance Short-Term and Long-Term Capital Planning

With long-term capital planning, organizations will inevitably face changes such as erratic consumer demand, fluctuating market conditions, and variable input costs. Primavera Portfolio Management solutions helps you implement automated processes that give you the added visibility you need to develop both short- and long-term perspectives of your portfolio. Prebuilt processes for business-case development guide you to create, document, and distribute sound investment cases, and project backlog and prioritization features let you compare initiatives to determine where to best focus resources.

With these capabilities you gain the critical ability to consistently track, analyze, and update all components of your capital plans—for potential investments, current investments, or investments nearing completion. Typically, making adjustments to capital plans requires the ability to evaluate what has happened in the past and what may occur in the future; Primavera Portfolio Management solutions enables these analytical comparisons by adding greater portfolio insight. Often, in order to make the best capital spending decisions, you need portfolio analysis that takes multiple dependencies into account. And since funds and



## Prepare for the unexpected

*A survey of 427 senior executives in asset-intensive industries worldwide—including 124 from the utilities industry—conducted by the Economist Intelligence Unit in October 2010 found the three biggest planning challenges are predicting costs, assessing ROI, and doing up-front risk management—all tasks that occur in the early stages of capital planning.*

*The report outlined lessons learned from organizations that see comprehensive capital planning processes to improve the return on their capital investment projects.*

*They include*

- *Set long-term goals, but recognize the need for flexibility over the duration of a project*
- *Gather and use all the information and expertise available when making decisions*
- *Include program managers in the decision-making process*
- *Balance long-term strategies against current cash flow and financial analysis*
- *Review past experiences in your organization and industry to avoid making the same mistakes*

resources are limited, trade-offs between short-term realities and long-term goals should be a key part of the decision-making process. With Primavera Portfolio Management Solutions you can perform multidimensional analysis and what-if scenario planning, resulting in the right level of objective evidence to justify the crucial decisions to balance short- and long-term plans

## Integrate Multiple Planning Groups

Primavera Portfolio Management solutions bring relevant metrics together, providing you with a more complete and transparent picture of the portfolio, and ensuring that cross-functional teams are acting on shared, timely information. When these teams collaborate using an automated planning system that streamlines processes and improves accountability, they are more likely to make decisions quickly and accurately. With an integrated portfolio management process in place to objectively analyze investments, groups can more easily find ways to use resources better; for example, realigning the business to support higher-value projects and eliminating nonstrategic or redundant investments.

Constrained capital markets and a heightened regulatory environment have increased the number of decision-makers involved in capital planning, therefore better collaboration tools are essential. With processes supported by Primavera Portfolio Management solutions, the right people across the organization and beyond can be automatically alerted when their input is required. Additionally, standardized planning processes ensure that all stakeholders have appropriate levels of participation, increasing their commitment to planned investments

## Link Planning to execution

With a potentially decades-long planning horizon, success demands project visibility and the ability to make ongoing adjustments. Primavera Portfolio Management Solutions breaks down the walls between planning capital projects and executing them. It contains prebuilt integrations to Primavera P6 Enterprise Project Portfolio Management to give you the ability to share data such as project schedules, costs, and resource information without time-consuming and error-prone data-entry duplication. This integration combines portfolio planning and analysis with summarized project management data—so you can identify the best use of resources by comparing the goals of individual projects against overall organizational objectives. It also ensures that your investments continue to meet corporate goals through capabilities such as what-if analysis and a budget reallocation process to determine where best to scale back or cut projects.

The dynamic and iterative nature of Primavera Portfolio Management's capital planning process captures key industry knowledge and establishes enterprise-wide best practices to reduce the impact of resource shortages due to attrition.

## Drive Capital Investment Success

Successful long-range portfolio management can have a tremendous impact on the bottom line, so enterprises can sustain profitability even through the most troubled economy. Oracle's Primavera Portfolio Management Solutions foster sound business decisions and provides the tools to deliver on these decisions. You can maximize cost savings and productivity by working on the most important investments, consistently measuring ROI to determine actual value, and navigating around risks.

### Investments need CFO attention

*'CFOs are well placed to ensure that the capital budget is consistent with an overall strategy for the use of cash, informed by their knowledge of both the capital requirements of current and future projects and balance-sheet and cash-flow constraints. The impact can be substantial, especially at companies managing hundreds of capital projects every year'*

*Why capital expenditures need more CFO attention – McKinsey*

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