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# Rejuvenating late-life operations:

New life, new profits

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We all know that the energy industry is facing tough times with the whole price decrease. And another market is saying lower for longer. Some pessimists are saying lower forever, but we believe that in upstream there is untapped potential for further cost optimization. Indeed, if we look at globally, 50% of the fields are late-life assets. It means that they are operating beyond their original design life. And we think that by changing the operating philosophy, by leveraging digital, by focusing on competitiveness, you can reduce up to 50% of your operating cost.

## **Three areas where operators can make a difference**

### **1. Operating Philosophy**

We have seen several operators looking at not only their equipment, their equipment Most of the late life fields are operated like the way they were when they were designed twenty or twenty-five years ago, and of course they are operating in an environment that has changed, the operating envelop has changed, the pressure is not the same, the production is not the same. Lean operations can operate at 35-55% reduction compared with adjacent operators operating similar fields in the region.

### **2. Data Usage and Management**

There is a lot of data that is available, and if it is managed properly it can give insight. One example: as you know in upstream a lot of costs is due to campaigns, maintenance campaigns overall. And traditionally the completion rate of these campaigns is not what we expect. Why? Because equipment is not fully ready, services are not finalized, logistics support is not as expected. But if you leverage the data and repeat, if you measure the readiness of a campaign before the execution starts, you can take the proactive measure to a very good completion rate. And actually, surveys and experience show that the companies that are doing that have a completion rate of up to 95% of their rates.

### **3. Examine the Business Model**

There are a couple of examples where smaller, leaner players, independent players who have taken over operations for bigger players, being national companies or international companies, while operating at up to 50% unit production cost reduction. Why? Again by applying lean fit for possible philosophy. Therefore, some of the companies, for the bigger companies, again international and national companies, are thinking to build in parallel organizations to manage late-life assets. So actually its very promising. So our research shows that first zero-basing your operating philosophy, by leveraging digital, by looking at your operating model, there is a tremendous way to optimize your costs and therefore be successful in the new economy in energy.

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