

How One Company Saved \$300MM

Improve Strategic Decision Making with Portfolio



The Client

A U.S. based E&P involved in both offshore and unconventional plays found Quorum Portfolio tool to be instrumental in a recent acquisition. Using Portfolio to evaluate the deal helped the company save \$300MM by better answering the question, “How much is it worth to us?”

The Challenge

“Our approach to acquisitions came down to our looking at the economics of the opportunity on a stand-alone basis. Our one question was, ‘Does it meet our internal hurdle rate?’ This led to mixed results, which were most problematic with large, ‘move the needle’ type acquisitions.”

The Solution

Analysis with Portfolio has empowered this client to make more informed decisions. They were able to clearly see how the investment would impact their financials. In addition to cash flow and capital allocation, Portfolio helped this client understand the debt metrics involved and whether to make the acquisition with equity, or debt or using a combination of the two.



“ We saved \$300 million on this acquisition. Using our previous method, we were prepared to offer \$500 million for this asset. That would have met our internal rate of return. However, the analysis with Portfolio showed us that we should not pay more than \$200 million. Paying more for this asset would make it not the right deal for us. It would limit our ability to invest in other opportunities. After much discussion, we decided to bid \$200 million, and we won. A few hours of analysis using your software saved us \$300 million. ”

The Benefits

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

Portfolio can help companies optimize their portfolios and 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 goals, risks and uncertainties, and company opportunities and objectives.

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