

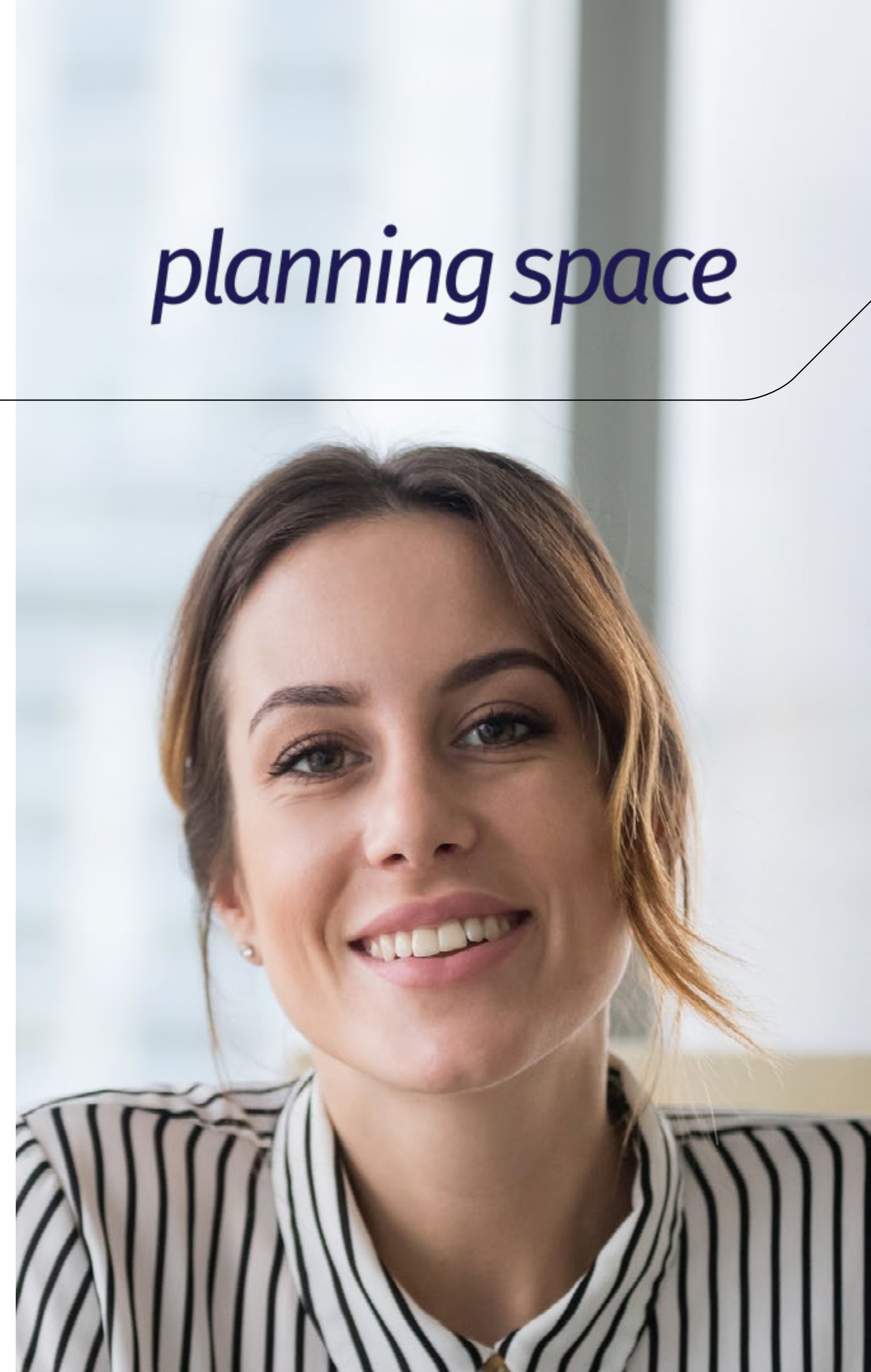
What Business Planning Is – and What It Isn't

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In today's upstream energy industry, market consolidation has led to larger and more complex portfolios, requiring businesses to streamline their operations and manage their assets more efficiently. Planning teams play a crucial role in making decisions about how to allocate resources and exploit opportunities, often modeling countless scenarios to determine the best course of action.

However, there is a discrepancy between how senior management and line staff perceive their organization's planning functions. While 90% of executives agree that their company has a clear strategic intent for each asset, only 59% of non-executives share the same view, according to research from KPMG and Quorum.

In this context, it is important to understand what business planning is and what it is not, and how it impacts overall business decision-making. Let's take a look.



What Business Planning Is

1. It's a decision-making exercise.

Planning teams inspire collaboration and compile all possible opportunities into a sequence that meets the objectives of the company. Frequent collaboration ensures all stakeholders are on the same page and aligned with the decisions being made – which is especially important in today's world of mergers and acquisitions.

2. It's performed on a consistent rolling basis (in an ideal world).

Planning teams must review past plans and adapt to constantly changing market conditions to be successful and capitalize on emerging opportunities. We like to view this approach as 'one eye on the past, one eye on the future' based on information coming in on a regular basis.

For example, your team may allocate resources to one initiative but need to adjust based on new industry developments, such as a change in

the price of natural gas. Being agile is key to keeping investment low and maximizing ROI.

3. It's informed by, and informs, the reserves process.

The reserves process contains essential data that should inform your business planning, including the next five years of PUD, 2P and 3P reserves and contingent resource opportunities. However, it's also important to update the corporate reserves based on your long-term plans and future opportunities.

In this way, it's a very circular motion, and frequently consulting your reserves information is key for successful long-term planning.

4. Teams create multiple scenarios.

Rather than coming up with one potential solution, it's important for teams to ask a lot of questions and generate many scenarios that may occur. Questions of timing and

exactly what each scenario entails will inform input data and help planning teams compare the benefits of each. With this pool of generated options, the organization can easily identify and assess high-value scenarios to determine the right path forward.

5. It works at a much coarser level than that of the supplied data.

All stakeholders need a different level of granularity. For example, CEOs would likely not be interested in data below the country level, while business planners for heavy oil need much more refined location data.

The business plan should allow all stakeholders to work within the same opportunity while being exposed to the roll-up level most relevant to their function.



What Business Planning Is Not

1. It's not a technical activity.

Business planning doesn't concern itself with well forecasting, ARPS parameters, reservoir or hydraulic flow models, and doesn't require petroleum engineering skills. It's simply a decision-making exercise based on the company's opportunities and resources.

2. It's not used to track execution of a specific task or budget.

Business planning may inform and help create an annual budget, but they should be managed separately and help inform each other.

3. It's not a scheduling tool.

Although it contains a schedule of opportunities performed at different times, it's not concerned with specific tasks and operational constraints. Instead, business planning typically schedules higher-level investment and organizational decisions.

4. It's not an activity plan.

While activity plans are typically granular down to the day and hour, business planning is usually set at a monthly cadence.

5. It does not represent a specific spending approval.

Business planning fosters better decision-making in the organization but does not qualify as an actual spending approval. However, plans may be used to lock in approved levels of spending.

How Planning Space Can Help

Many organizations struggle to allocate high-value time to high-value activities due to inefficient planning systems. In fact, only 10% of organizations have "very integrated" planning systems. Planning Space offers a solution to this problem. It is the only corporate planning platform designed to manage the complexities of the modern energy industry, connecting the reservoir to the boardroom and enabling faster and better-quality decisions based on accurate data.





Key features include:

- **Business Planning:** Planners can capture opportunities, build business plans, analyze scenarios, and track progress against business goals. The platform's dynamic planning philosophy allows users to create detailed scenarios quickly and explore the best investment options for complex energy businesses.
- **Strategy & Decision Analysis:** Gain clarity and insight around strategic business questions, evaluate trade-offs, manage uncertainty, and strengthen your strategic planning process. Planning Space's unique optimization engine helps accelerate decision analysis and align on a path forward.
- **Economic Modelling & Evaluation:** The platform's intuitive modeling environment enables users to evaluate complex tax situations, model shared cost recovery and profit oil, and create custom fiscal models. The system can also handle real constraints of the business such as debt limits, cash-flow targets, capital constraints, net-zero emission goals and more.
- **Integrated Reserves Management:** Capture reserves and resource estimates from multiple sources across the organization to paint a complete picture of corporate reserves. Planning Space provides comprehensive and flexible reserves workflows, analysis, and reporting for operators with complex operations and workflows.
- **Financial Planning:** Harmonize economic outlooks with financial forecasts to analyze funding options, impacts to share price, and create pro-forma financial statements to look at financial KPI's.
- **Seamless Integration:** Enhanced integrations between modules streamline corporate workflows, with open APIs providing integration opportunities with other products in the Quorum Energy Suite and external third-party tools.

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With Planning Space, energy companies make better decisions based on data they can trust, maximize productivity, and focus on value-added activities. Try Planning Space today to experience a better way to plan for the modern energy industry.

For more information or to request a demo, visit quorumsoftware.com/planning-space or email info@quorumsoftware.com.



Quorum Software powers growth and profitability for energy businesses by connecting people, workflows, and systems with decision-ready data. For more information or to request a demo, visit quorumsoftware.com or email info@quorumsoftware.com.

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