

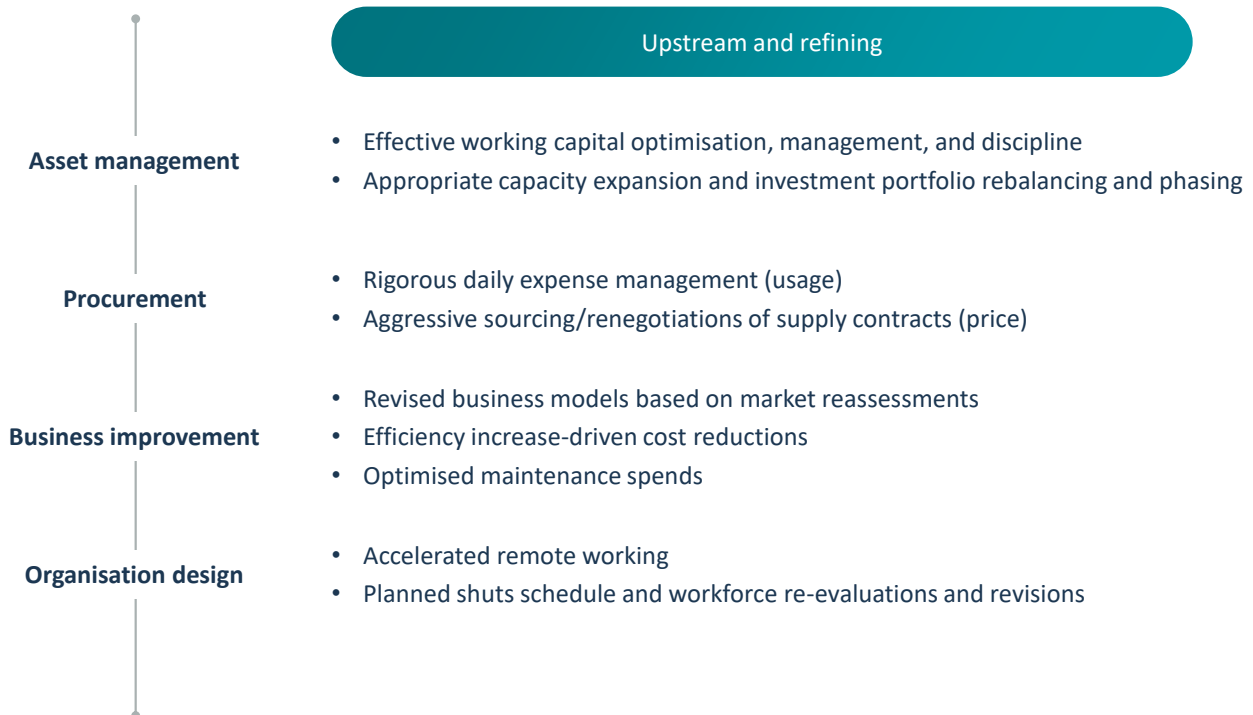
# Minimise disruption from oil price shock

The oil and gas industry has recently been impacted by two major shocks – reduced economic activity due to the COVID-19 outbreak, and the impact of the price war between Russia and Saudi Arabia. These have led to:

- Oil prices falling by nearly two-thirds since the start of 2020
- Declines in demand for petroleum-based products and weakening refining margins leading to production rate cuts, specifically in China, but now spreading globally



To react to these shocks, the oil and gas industry – especially upstream and refining – is focussing on identifying and capturing rapid cost reduction opportunities in four key areas:



To identify and capture rapid cost reduction opportunities, your organisation needs to take five key steps:

01

Diagnose the situation

- Evaluate the COVID-19 supply chain and people 'risk points'
- Assess supply/demand/price impacts from current oil price shock

02

Develop scenarios

- Detail selected oil price and associated recovery scenarios
- Identify signposts and trigger points for each

03

Assess readiness

- Assess current ability to overcome supply chain and people risks and gaps, including movement restrictions for both
- Pressure test current readiness under selected scenarios

04

Develop plan for lead scenarios

- Develop medium- and long-term implications (strategic, operational, and organisational) for each scenario
- Plan implementations for most likely scenarios

05

Drive delivery and establish mission control

- Establish a 'single source of truth' for and increase visibility of current KPIs and results of planned actions
- Facilitate 'drumbeat' of informed performance reviews and problem solving

## Our oil and gas experts

For over 25 years we've been known for quick execution – 'making things happen' – real, measurable, and sustainable results. We often work remotely, as appropriate, and continue to work with our clients to help them deliver results during the virus crisis.

Our oil and gas experts would be happy to share industry observations and insights with you, based on ongoing conversations with our oil and gas clients around the globe. Feel free to reach out to schedule a call with us.



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