Technical Session
CORAL 2.0: Driving Industry Collaboration

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PETRONAS spearheaded an industry-wide program, Cost Reduction Alliance (CORAL) 2.0 in response to the oil price downturn in 2015.

1. Inculcate a cost conscious mindset across the industry
2. Achieve world-class performance through transparency & benchmarking
3. Increase collaboration and infuse global best practices into Malaysia
4. Sustainability through enablers
CORAL 2.0 program was designed along several key principles:

- Collective Intelligence
- Value Delivery Focus
- Change Management
- HSE & Asset Reliability
- Multi-Waved Transformation Journey

Kin, pls add in the industry associations’ logos.
CORAL 2.0’s phased implementation led to progressive establishment of structural changes

Quick Wins

- 26 value levers for low cost drilling
- Surplus materials reutilization
- Contract renegotiations
- Cross-PAC logistic planning team (PCSB, EMEPMI, Hess)

Additional 5 initiatives, 3 identified from benchmarking
- Lean Well Intervention
- Yard space consolidation @ ASB
- Removal of excess helicopters
- Completed OPEX & CAPEX benchmarking
- Multi-Client Seismic Contract establishment
- Replication of best practices

- Offshore Construction Norms roll-out
- Integrated Logistics Control Tower
- Vendor Managed Inventory
- Replication of CSWP for Zetung, Bakong & Bergading Ph3
- PRSM and EIDS roll-out
- Digital Warehouse

Drives cost reduction and increase efficiencies

Ensure sustainable nature

Transformed Work Practices

Result expansion

Value

Value

Q4 2015 RM 2.4 Bil
Q4 2016 RM 5.0 Bil
Q4 2018 RM 13.9 Bil

End FY15
End FY16
End FY17
End FY18
End FY19

Time

near-term
medium-term
long-term
Collaborative intelligence was the key ingredients in shaping the initiatives in CORAL 2.0 program

**PETRONAS & PACs**
- Cross-PAC technology replication & best practices adoption
  - Drone for inspection
  - Micro-ROV
  - Low Cost Drilling
  - Lean Well Intervention

**ACADEMIA & INDUSTRY LEADERS**
- Joint Industry Workshops/Discussion:
  - 3 working group forums in collaboration with MOGSC
  - 6 focus areas by MOGSC
  - Industry Engagement
  - ILCT implementation in collaboration with MASA & MOSVA

**Best practices infusion**
- Learnings from other upstream regions
- Learnings from other industry
- Improving efficiency through digitalization

Open Source

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Results from these collaboration were embedded into business processes

- Integrated Logistics Control Tower
- Internalisation of cost optimization culture
- Technical standardisation
- Visibility of information
- Vendor-Managed Inventory
- Cross-PAC sharing of infrastructure
Program Management will continue to drive the collaboration to unlock new way of doing things

New approach by advocating Efficiency, Profitability & Sustainability into Malaysia Upstream industry to better safeguard values in E&P business
Thank You