Client Overview

Faroe Petroleum is an independent oil and gas company focusing principally on exploration, appraisal and production opportunities in the Atlantic Margin, the North Sea and Norway.

Background

Faroe utilised spread sheets for economic evaluation and financial planning. As the organisation and its portfolio grew, Faroe began to see challenges with this approach. Lack of standardisation and inconsistency in fiscal modelling meant that Faroe analysts were spending significant time collecting and qualifying data, creating and updating fiscal models and building reports and charts. Consolidating international projects to generate a complete view of the company required significant data manipulation. Generating analysis and comprehensive detailed reports was difficult and lacked consistency. Data management was becoming an increasing challenge as the organisation and portfolio grew, and there was a concern that the spread sheet models would be too large and slow to work with.

Objective

Faroe recognised that to meet its growth targets an improved economic and financial forecasting workflow was needed. Faroe hoped such a system would enable it to effectively compare various investment strategies and quickly and accurately evaluate potential acquisition targets allowing it to secure a competitive advantage.

Integrated Solution

After discussing various options with Palantir, it became clear that Faroe would benefit from implementing Palantir’s market leading economic evaluation and financial forecasting software. Faroe and Palantir worked together on the implementation of PalantirCASH and PalantirFINANCIALS to provide Faroe with an integrated economic and financial workflow. In particular the new system would deliver Faroe:

1. Consistent, reliable and trusted economic and financial data
2. Accurate, verifiable fiscal models
3. Detailed economic and financial reports

PalantirCASH, the market leading petroleum economic evaluation and fiscal modelling software, was implemented to provide a tool for the economic modelling of Faroe’s upstream oil and gas projects. It also standardised economic data across the portfolio, improving confidence in investment decisions.
Faroe can now undertake sensitivity analysis in PalantirCASH and different scenarios can be explored. Users are also able to easily explore project interactions and view detailed reports with ease. This means they are able to focus on considering their potential options instead of spending time collating and verifying data. The powerful reporting in PalantirCASH gives Faroe access to detailed information that previously was more cumbersome to produce. The results of the economic analysis are then seamlessly imported into PalantirFINANCIALS for financial forecasting.

Within PalantirFINANCIALS the impact on the financial statements of any economics sensitivities can be reviewed immediately. Custom financial reports have been created to match those required by Faroe. Hierarchy data documents are used to store and input data on non-economic inputs, such as head office costs and central financing costs. An automated debt financing calculation is used to allow the impact of exploration and production activities on borrowing facilities to be assessed. With PalantirFINANCIALS, the impact of key decisions on Faroe’s financial statements (Balance Sheet, Profit and Loss, Income Statement etc.) can be seen instantly leading to more informed decision making.

Result

Connected economic and financial workflows deliver consistent data and improved organisational efficiency. Decisions are now able to be made more quickly and are based on reliable, trusted data leading to more informed decision making.

Efficient Decision Making

With PalantirCASH and PalantirFINANCIALS, Faroe are benefitting from a connected, dynamic economic evaluation and financial planning workflow. Consistent data is used between the two systems and throughout the global, geographically dispersed organisation, greatly improving efficiency. With the full auditing and versioning functionality of PalantirCASH and PalantirFINANCIALS users can easily track data updates and ensure that they are using the most up to date data available. Faroe can now quickly and easily evaluate potential acquisition targets and see their effect on its overall portfolio.

What Faroe Petroleum said

For Faroe Petroleum it was important to secure consistency between the inputs used in economic modelling and financial forecasting. This is ensured through the integration of PalantirCASH and PalantirFINANCIALS. The hierarchy structure of the models also allows the user to analyse large amounts of data in an efficient manner.

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