

## **A Flexible Evergreen Portfolio Management Process Implemented Within PEMEX Exploration and Production (PEP) using Spotfire® and BlitzPort™**

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Common portfolio optimization processes require agreement on the objective function (rewards) and constraints (available resources and goals) before the search for “optimum” portfolios can proceed. Such optimum portfolios often deliver impractical solutions and lack a coherent strategy.

Project Portfolio Management in the business realm needs to reverse the order of tasks. Our strategies should drive the building of our portfolios. We need to start with portfolios that can be practically executed with available working interests and schedules. Portfolio managers need to appreciate and decide upon acceptable trade-offs between conflicting goals. Changing goals and resource constraints must be fast enough to be done within meetings. Portfolio Management is not about finding the one best portfolio; rather it should be a search for many good portfolios and the decisions common to most of them.

PEP implemented this business-friendly Portfolio Management process. With our evergreen prospect inventory, we automatically build millions of portfolios using different execution strategies. We calculate very quickly the important uncertainty measures of each portfolio. Using Spotfire®, we compare tens of thousands of portfolios across many different key measures of risk, reward, and resource usage. Inside the conference room, our executives see the available trade-offs between goals and constraints and change them to find more good portfolios in seconds. At any time we can compare our current portfolio against alternatives to immediately see how much improvement is possible and what funding decisions we should change.

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