

GUIDELINES FOR RATING THE COUNTRY/ PROJECT RISK ASSESSMENT

Whatever format you use to undertake a Country/Project Risk (Go-No Go) assessment, you do need to consider whether you should or shouldn't be pursuing this opportunity.

For many of us who have been working in Opus or a consulting environment for many years, we know our clients, the market and our capabilities, and we undertake informal Go-No Go assessments regularly, without probably even realising we are doing it. However, for those of you who are new to business development, Opus or the consulting environment, it is worth going through a process of Opportunity assessment each time you are confronted with one.

It is ALWAYS advisable to do a Go-No Go assessment for large projects, and in some cases, to complete several such assessments at different stages of the opportunity.

Issues to be covered

- ◆ Capability
- ◆ Client
- ◆ Competition
- ◆ Financial
- ◆ Project Specific

Look at the relative weightings you apply to the above issues, and consider these carefully. Sometimes a particular issue may over-ride others. For example, the need to preserve a relationship with a client at a particular time may override everything else.

You also need to ensure very early on – ie before committing an Expression of Interest/Registration of Interest – that necessary approvals are in place, for example, where a JV arrangement is proposed.

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Go-No Go Issue	Considerations	Examples
Capability	Relevant experience	<p>There are many jobs internationally which Opus staff are capable of doing, and has relevant experience.</p> <p>But is experience in New Zealand relevant to working in Timbucktu?</p> <p>The company may have experience, but do we still have the individuals available with that experience? Can we get them?</p> <p>Our division/region might not have the experience, but does the company have experience elsewhere? Remember Opus is a global company.</p>
	Available Resources	<p>There are many jobs internationally which Opus staff are capable of doing.</p> <p>But does XX really want to spend three weeks on a boat when he gets seasick?</p> <p>Will YY's manager be able to cover for XX if he goes off for 3 months on an international assignment? What is the opportunity cost of XX going away for 3 months? Are there more important/profitable jobs which they could be doing if we don't pursue this one?</p> <p>And what about client ZZZ? She has come to rely on XX and may consider that Opus is not committed to working with her and business if her Team Leader or key client contact is able to "drop" her so easily?</p>
Client	Nature of client	Do we like them? Are they easy/difficult to work with?
	Place in marketplace	<p>Is this a prestigious client, which will enhance our reputation in the marketplace?</p> <p>Do we want to work with this client again?</p> <p>Are they part of our overall strategic marketing plan?</p>
	Status of relationship?	<p>How well do we know the client? What is the status of our relationship with them?</p> <p>Is it possible/is there time to get to know them, and vice versa, before the bid?</p> <p>Is the client of strategic importance? Do we want to work with this client again?</p> <p>How will the client view us if we don't pursue this opportunity?</p> <p>How will the client perceive our level of commitment to them?</p>

Go-No Go Issue	Considerations	Examples
Competition	Who are they?	How strong is the competition? How well do we know them? How are they placed? How well do they know the client?
	Can we compete?	What is their experience compared to ours? Can we afford to let them win this/get a foot in the door?
Finances	Profit	What are the margins? Can we make a profit on this project?
	Debt profile	What is the client's paying history? Do they pay on time? Are we likely to end up with a bad debt?
Project Specific	Nature of Project	Does this project fit our focused disciplines/markets?
	Importance of Project	Is this project a lead up to a more important project further downstream? If we do this project, will it preclude us from another more important project further downstream? What is the value of this project to the client?

A. FINANCIAL

<u>Items</u>	<u>Guidelines</u>
Potential Fee Volume	<ul style="list-style-type: none"> • <i>Project Manager to assess the project nature, size, value and fees volume associated to the project</i> • <i>Project Manager can seek advise from Construction Contract/Costing department</i>
Pre-Tax Margin/Revenue	<ul style="list-style-type: none"> • <i>Project Manager to assess the Pre Tax Margin/Revenue using the above guidelines</i>
Source of Funding	<ul style="list-style-type: none"> • <i>Usually is mentioned in the source document (Request for Proposal etc,).</i> • <i>Otherwise to determine from who is tendering out the work (Government, Semi Government, Private sector etc)</i>
Likelihood of Funding	<ul style="list-style-type: none"> • <i>In absence of the information in the source document, can be assess from the type of body that is tendering out the work</i>
Payment Terms	<ul style="list-style-type: none"> • <i>Based on the payment aging structure</i> • <i>Project Manager can also base on either one or all: current country, industry and clientele practice</i> • <i>Project Manager can seek advice the Construction Contracts/Costing department</i>
Tax Risk	<ul style="list-style-type: none"> • <i>Based on the stability of the current tax and/or tax structure regime, the existence of tax loophole that is biased to the government or any hidden tax and taxes at the state or provinces level</i>
Foreign Exchange Risk	<ul style="list-style-type: none"> • <i>The stability or the exchange rate against Malaysian and other major currencies</i>
Fund Repatriation Risk	<ul style="list-style-type: none"> • <i>The restriction in the movement of funds, existence of withholding tax etc</i>

B. PROJECT

<u>Items</u>	<u>Guidelines</u>
Sector Category (see figure)	<ul style="list-style-type: none"> • <u>Category One:</u> Areas where both company and existing resource capability are considered adequate for potential market volume. • <u>Category Two:</u> Areas are key target areas from a company capability and market volume perspective. There are, however, the constraints of existing resource availability. This can be address in recruitment, and through use of external consultant • <u>Category Three:</u> Areas is marketed internationally, unless specially approved
Country Category	<ul style="list-style-type: none"> • <u>Priority One:</u> Countries are top priority markets, with assessed long term opportunities. • <u>Priority Two:</u> Markets are countries where there are substantial opportunities. This category is small and targeted. It can be key market but with limited volumes and/or category where further investigation of opportunities is planned with a view to moving up to Priority One, or down to Priority Three • <u>Priority Three:</u> Countries where projects could or have already been undertaken is where good rapport has been established. Projects pursued through existing bona fide contracts or past clients and on a case to case basis. • <u>Priority Four:</u> Countries are those where projects is pursued only under very specific conditions
Potential for Flow-On-Work	<ul style="list-style-type: none"> • Project Manager to assess the potential of additional work from current project, client and country
Knowledge of Client or Decision Maker	<ul style="list-style-type: none"> • Usually can be determined from where projects have been undertaken and where good rapport has been established
Relationship with Client or Decision Maker	<ul style="list-style-type: none"> • Usually can be determined from where projects have been undertaken and where good rapport has been established

SECTOR/SUBSECTOR RANKING:

Sector/Service	CATEGORY ONE Good company capability. Adequate resource capability.	CATEGORY TWO Good company capability. Marginal/shortfall resource capability.	CATEGORY THREE Poor company capability. Poor resource capability.
INFRASTRUCTURE DEVELOPMENT (AD)		<ul style="list-style-type: none"> • Asset Management • Highways / Motorways 	<ul style="list-style-type: none"> • Transportation
		<ul style="list-style-type: none"> • Bridges up to 100m span 	<ul style="list-style-type: none"> • Bridges over 100m span
		<ul style="list-style-type: none"> • Tunnels 	
		<ul style="list-style-type: none"> • Earthworks • Roads & Drainage • Water / Sewerage • Electrical • Reticulation 	
BUILT ENVIRONMENT / PROPERTY DEVELOPMENT		<ul style="list-style-type: none"> • Buildings Systems • Architectural • Facilities / Structures 	
POWER			<ul style="list-style-type: none"> • Transmission • Generation
MASS TRANSIT / RAILWAYS		<ul style="list-style-type: none"> • Heavy Rail • Light Rail Transit • Tunnels • Stations 	<ul style="list-style-type: none"> • Signalling
WATER		<ul style="list-style-type: none"> • Reticulation • Conveyance 	<ul style="list-style-type: none"> • NRW
ENVIRONMENT & WASTE		<ul style="list-style-type: none"> • Hydrology 	
SPECIAL SERVICES	<ul style="list-style-type: none"> • Geotechnical • Feasibility Studies • Pavement 		<ul style="list-style-type: none"> • Road Safety Audit

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CATEGORY ONE

Areas are those where both company and existing resource capability are considered adequate for potential market volume. The niche areas often form components for wider projects covered under Category Two.

CATEGORY TWO

Areas are key target areas from a company capability and market volume perspective. There is, however, the constraint of existing resource availability. This is being addressed in recruitment policy, and through use of external consultants.

CATEGORY THREE

Areas will not be marketed internationally, unless specifically approved.

COUNTRY PRIORITIES:

	Priority One	Priority Two	Priority Three	Priority Four
Asia	Malaysia India Indonesia China Vietnam	Sri Lanka	BangladeshThailand Pakistan Cambodia Laos Singapore Mynmar Brunai Philippine	Papua New Guinea Fiji Timor Leste
Middle East	UAE Saudi Arabia Qatar	Bahrain	Turkey Oman	Jordon Yemen
North Africa		Algeria	Tanzania Zimbabwe	Sudan Libya Morocco
Africa / Others				Nigeria Ghana South Africa

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PRIORITY ONE

Countries are top priority markets, with assessed long term opportunities. The company's key marketing efforts will be directed to these countries. Active, regular marketing and promotion will be undertaken.

PRIORITY TWO

Markets are countries where there are substantial opportunities, but below Priority One. A specific decision has been taken to keep this category small and targeted. It can be:

- Key market but with limited volumes
- This category is where further investigation of opportunities is planned, with a view to moving up to Priority One, or down to Priority Three.

PRIORITY THREE

Countries are those where projects could or have already been undertaken and where good rapport has been established, despite limited market volumes or countries where there has already been an established presence. No direct marketing will be undertaken in Priority Three countries. Projects pursued will be through existing bona fide contacts or past clients and on a case-by-case basis.

PRIORITY FOUR

Countries are those where projects will be pursued only under very specific conditions.

C. RESOURCES/COMPETITION

<u>Items</u>	<u>Guidelines</u>
Opus People Availability	<ul style="list-style-type: none">• <i>The availability of Opus current resources to fulfill the job requirement</i>
Competition	<ul style="list-style-type: none">• <i>Project Manager to assess the potential competitors for the projects. This can be assess from the companies usually rendering this types of services in that particular country or region</i>
Availability of JV Partners	<ul style="list-style-type: none">• <i>Project Manager to assess from current pool of alliances</i>
Reliability/Trust of Possible JV Partners	<ul style="list-style-type: none">• <i>Project Manager to assess from current alliances and reputation of possible partner from the market</i>

D. COSTS

<u>Items</u>	<u>Guidelines</u>
Time to Prepare Proposal	<ul style="list-style-type: none">• <i>Project Manager to determine the time required (man hours) required to prepare the proposal</i>
Cost to Prepare EOI vs. Fee	<ul style="list-style-type: none">• <i>Project Manager to assess the percentage of the cost to prepare EOI against the associated fee volume</i>• <i>Cost is derived from all direct and indirect cost–man days, external support, printing etc</i>
Cost to Prepare Proposal vs. Fee	<ul style="list-style-type: none">• <i>Project Manager to assess the percentage of the cost to prepare Proposal against the associated fee volume</i>• <i>Cost is derived from all direct and indirect cost – man days, external support, printing etc</i>

E. GOLD PROJECTS ONLY

Items	Guidelines
If Gold Project and does not meet hurdle points	<ul style="list-style-type: none">• <i>For projects of specific importance, discuss with Management to resolve way forward</i>

OTHER NOTES

Currently, a hurdle point of 67% is applied. This threshold recognises the need to allow a premium for:

1. Higher start up costs
2. Additional requirements for running an overseas project
3. Higher disruption to local operations
4. Lost opportunity to pursue local projects
5. Lost opportunity to capitalise on local relationships
6. Initial effort build new relationships abroad

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