



ISO55000 - Asset Management

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Your People



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The Asset Management College



Asset Management Training and Education

The Asset Management College



- Established 2014
- An Australasian asset management training company
- Established track record of thought leadership in asset management
- Provision of innovative solutions to clients across a range of industries
- Defence, Health, Infrastructure, Oil and Gas and Shipbuilding organisations

Agenda



- What is Asset Management?
- How does asset management support short term investment decision making?
- What is the ISO 55000 Suite?
- What is the value of asset management?
- Asset Management processes
- How does asset management support long term investment decision making?
- Conclusion

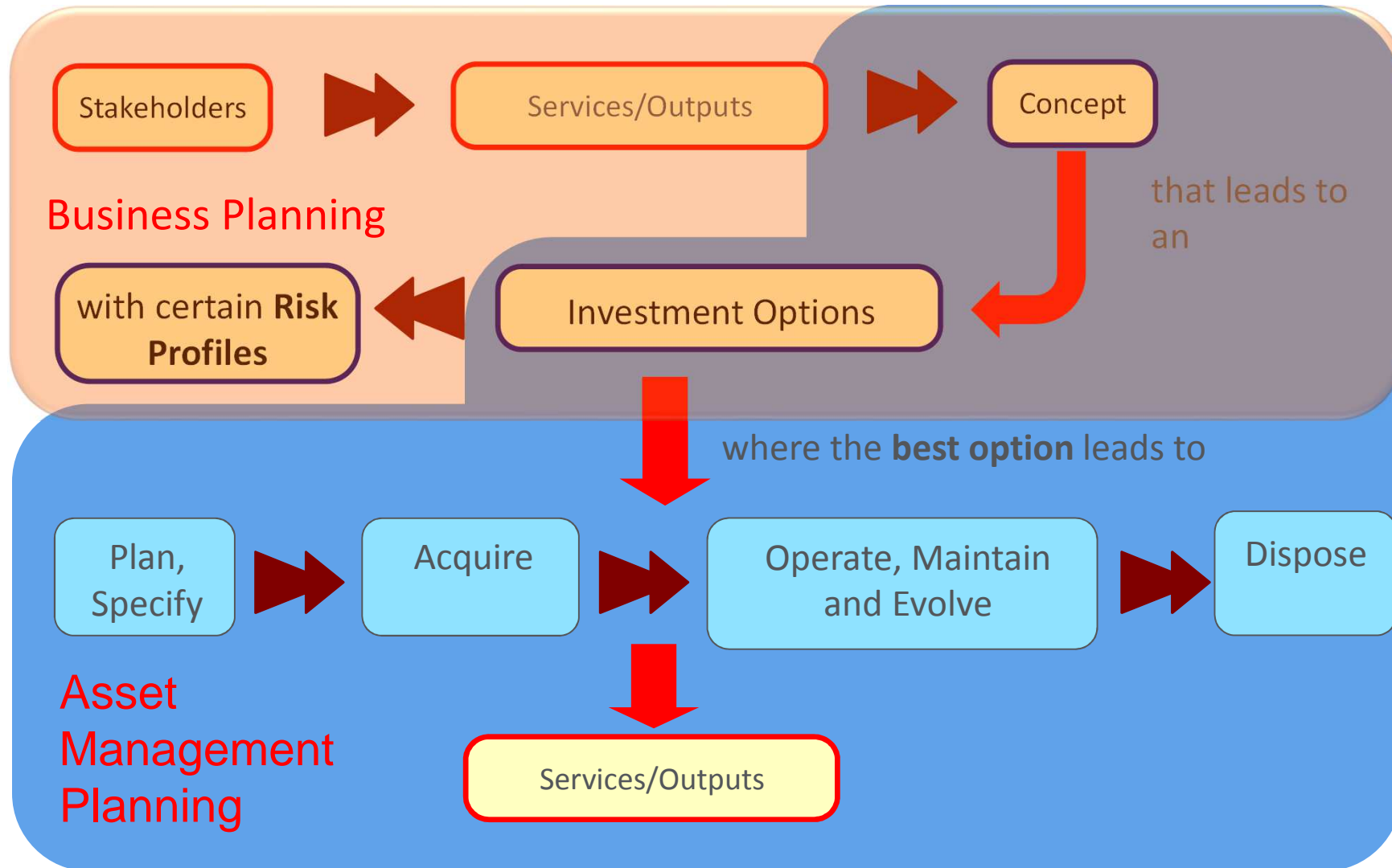


WHAT IS ASSET MANAGEMENT?

What are assets?



What do companies do?





WHAT IS THE ISO 5500X SUITE?

ISO 5500 Asset Management



ISO 55000 Asset management:

Overview, principles and terminology

ISO 55001 Asset management: Management systems - Requirements

ISO 55002 Asset management: Management systems - Guidelines on the application of ISO 55001



What is asset management?



Asset Management Council:

*“The **life cycle management** of **Physical Assets** to achieve the stated **outputs** of the **enterprise**.”*



ISO 55000:

“The coordinated activity of an organisation to realise value from assets.”

Likely Impact of ISO 5500X Series



The ISO suite will likely become the basis on which industry regulators assess the minimum asset management capability of public industries

For non-regulated industries, the ISO will serve as a benchmark for appropriate stewardship of an organisation's assets. As a result, organisations may see Certification to ISO 55001 offering a commercial advantage to investors

Insurers may also assess the adequacy of an organisation's asset management using Certification to ISO 55001 as a benchmark when determining premiums

Easy integration with other business management systems

What does ISO 55001 NOT do?



In order to implement the requirements of the ISO suite, the organisation itself must choose appropriate:

- Technical, financial, enterprise and agreement processes
- Organisational roles, structures and competencies
- Organisation leadership style and the supportive culture
- Technical, financial and operating frameworks
- Risk based decision making frameworks

From the ISO 5500X Suite



Key Message:

Effective control and governance of assets by organizations *is essential* to realize value ... in order to *achieve the desired balance of cost, risk and performance.*





ROLE AND WORTH OF ASSET MANAGEMENT

Role and worth of asset management



The role of asset management within an organisation is to:

- Identify the 'value' to be realised from the use of assets; and
- Develop, implement and maintain a management system to enable that realisation
- Integrate with other management systems

The worth of asset management is the delivery of assurance associated with “value”, within the:

- Agreed levels of service
- Profit and Loss Account, Balance Sheet and Cash Flow Statement
- Return on Equity and/or EVA (share price, profitability)
- Residual risk profile (safety, asset reliability, reputation, profitability etc)

“Effective control and governance of assets ... to ...achieve the desired balance of cost, risk and performance.”

ISO 55000

Accrual and Cash Accounting



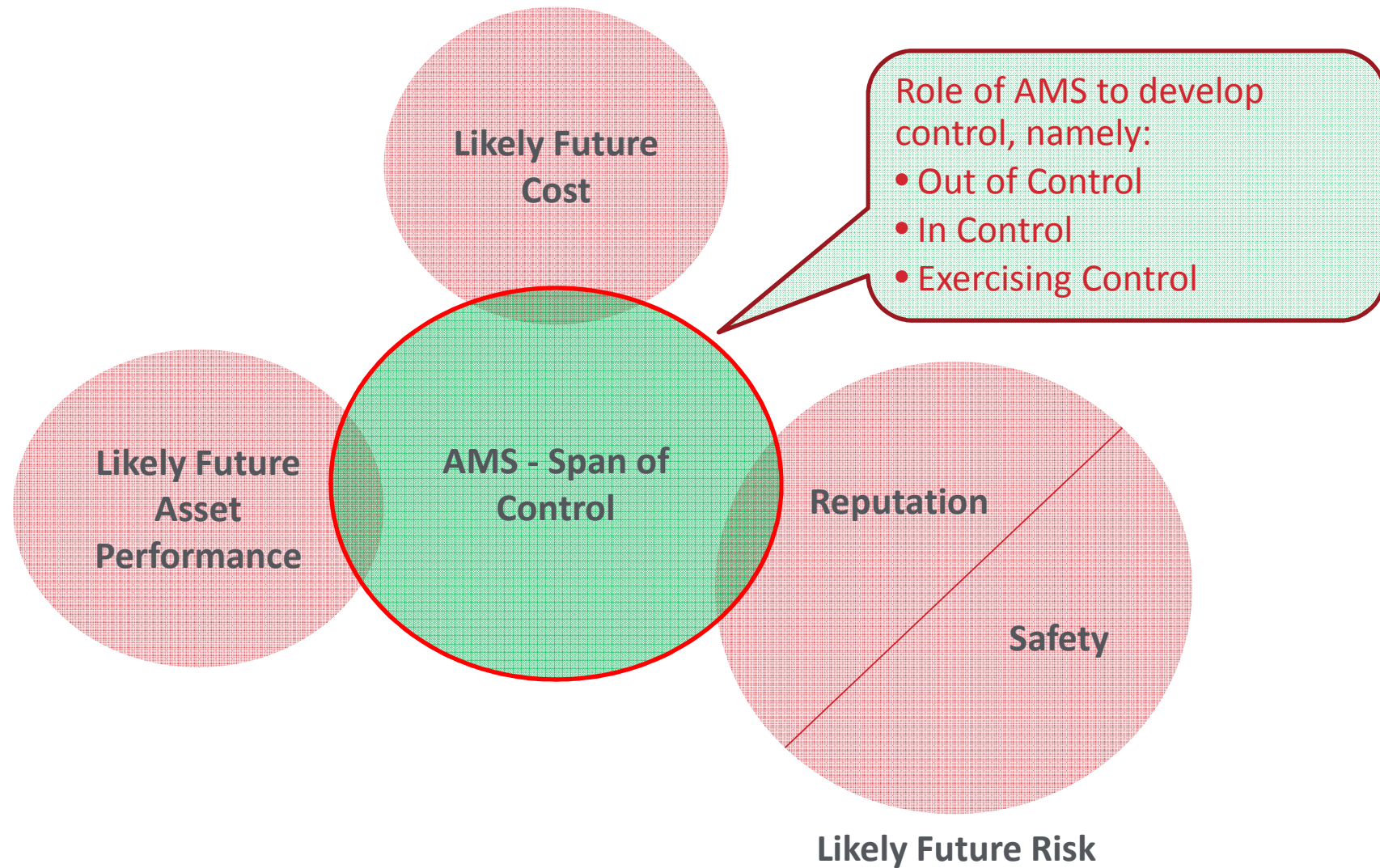
Accrual Accounting

An accounting method that measures the performance and position of a company by recognizing economic events regardless of when cash transactions occur.

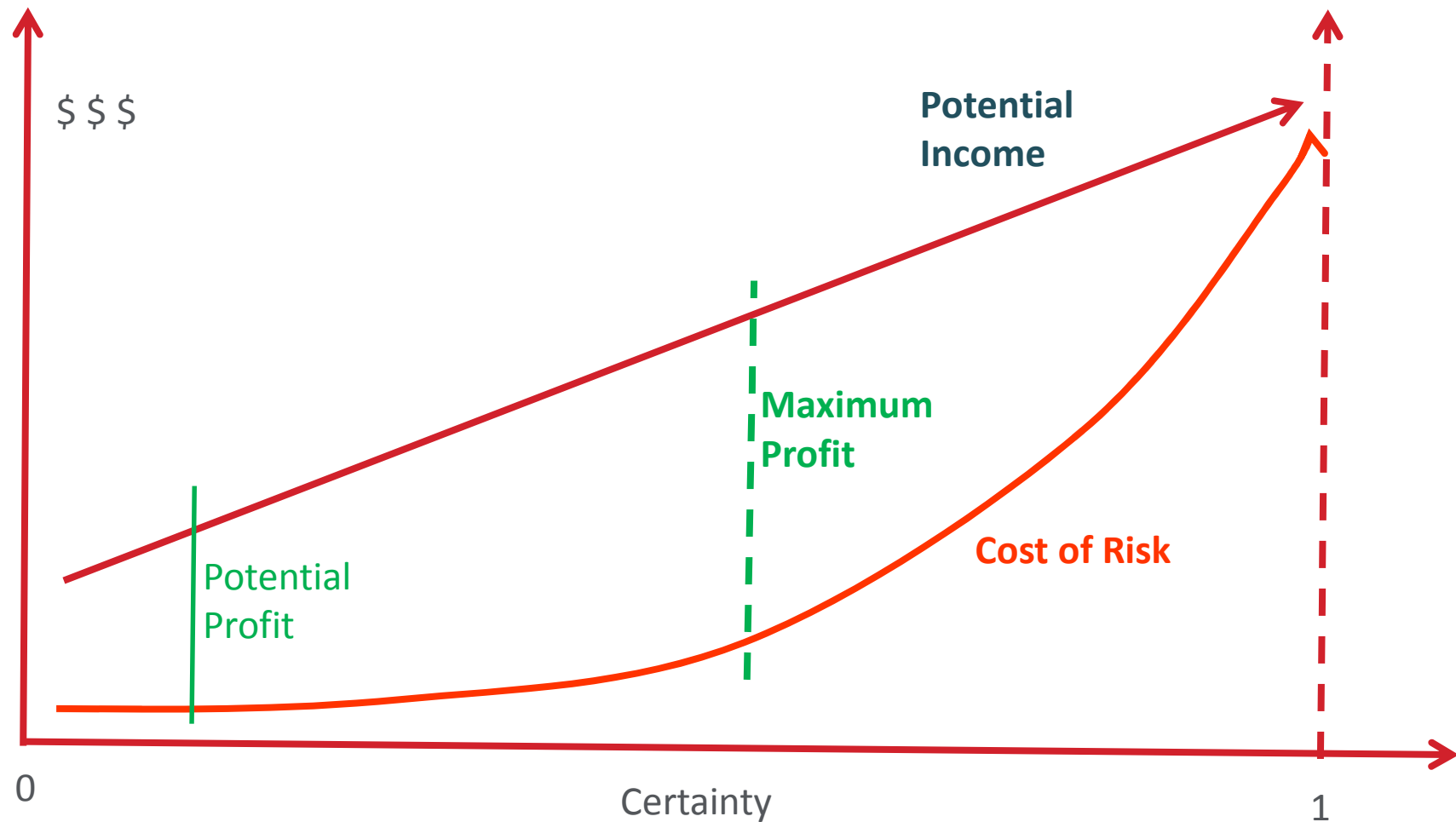
Accrual accounting recognises income only when it's been earned, and scores expenditures when they're incurred rather than when they're actually paid.

Cash Accounting The simplest format. It works on the basis of tracking the actual dollars in and dollars out as if they were actual crumpled notes.

Balance of Cost, Risk and Performance



How to apply that “balance”?

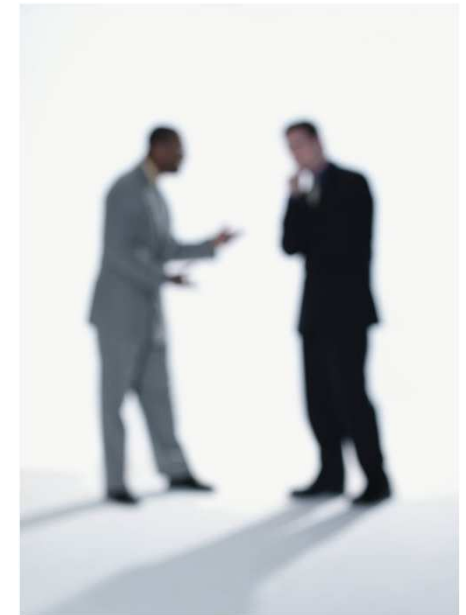


NSW Treasury



A new conversation about budgeting:

- Cost - short term and long term
- Risk to Government and the voters (the community)
- Asset performance (is it what we need?)



Power Station Case Study



A Case Study of a Hydro Power Company:

1. Share Issue – 13.8% Return on Equity (ROE)
2. How does AM support the ROE of 13.8% documented in the Prospectus for the share issue?

AM Objectives:

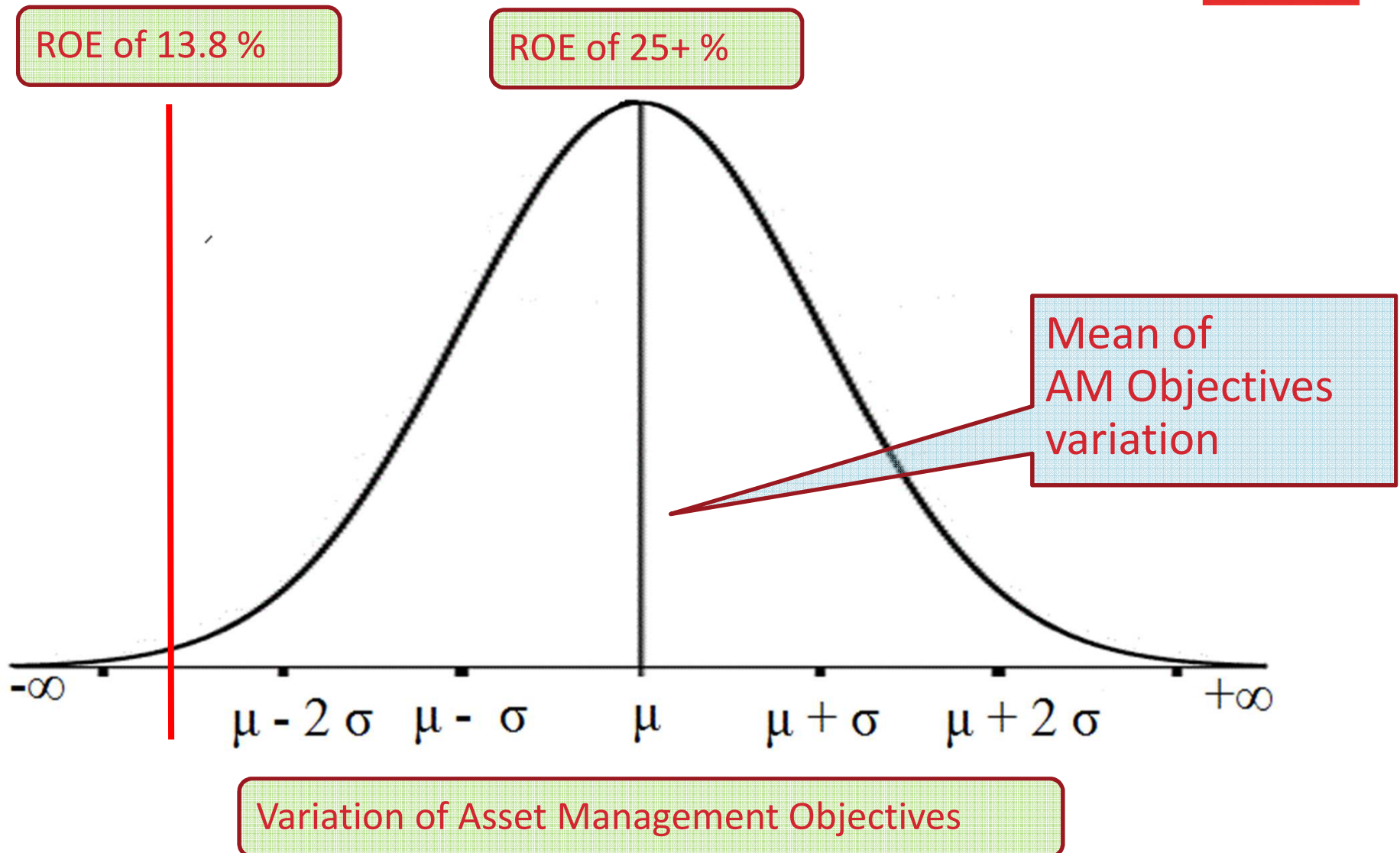
1. High plant Reliability and Availability;
and
2. Low production cost

Hedging (buying and selling of power to the grid) objectives:

1. High plant Reliability and
Availability; and
2. Low production cost



Power Station Case Study



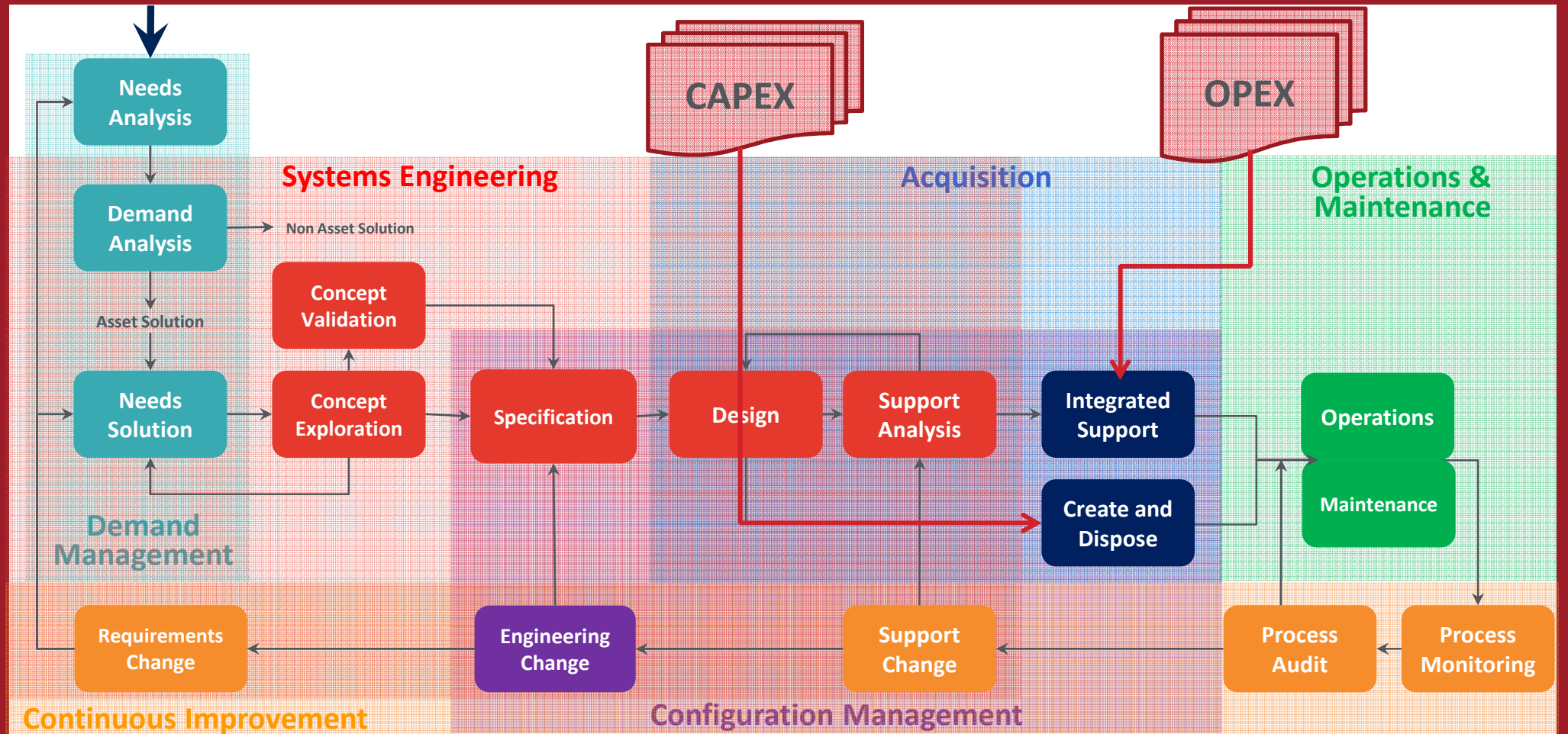


ASSET MANAGEMENT PROCESSES

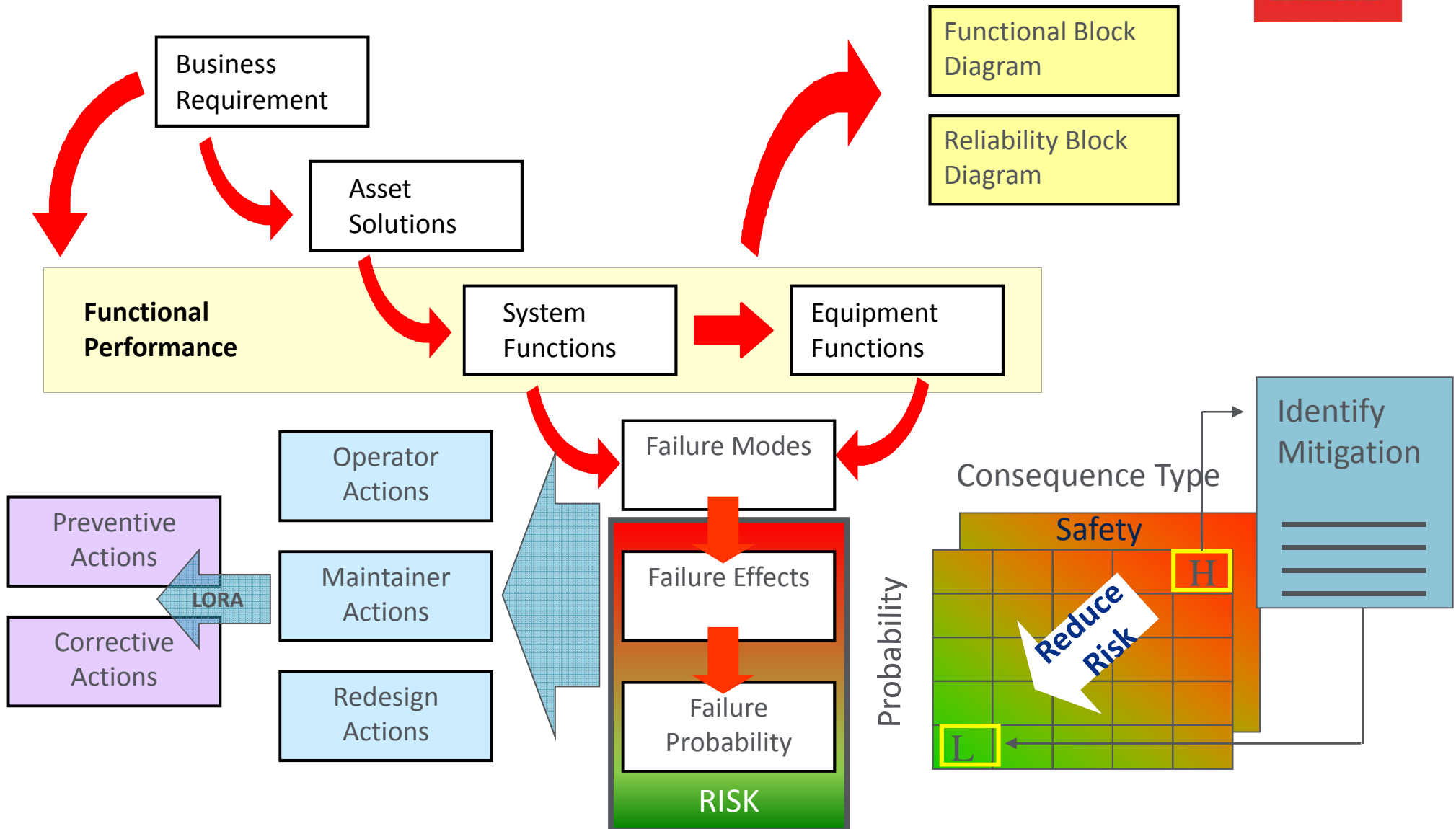
Asset Management Processes



Stakeholders



Failure Mode Effects Analysis



Conclusion



Asset management is intended to achieve:

“An appropriate balance between the cost of risk mitigation, the resultant residual risk and the achievable asset performance.’

Asset management is therefore all about the application of investment considerations from:

- Initial project development and implementation to;
- Design and the development and implementation of operation and maintenance plans

Questions?



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