

CONSEQUENCE OF PROJECT COMPLEXITY FROM THE INCREASED PRESENCE OF FINANCIAL OWNERS OF MAJOR CAPITAL PROJECTS

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A definite trend in infrastructure and energy is to have financial holdings take ownership over large complex capital projects. Those owners do not have the history, technical background and experience that more traditional industrial owners have developed over time. In addition to possible unrealistic expectations, additional complexity is created because of the need to contract additional owner engineers, future operator and project management support entities. Project complexity can then reach a threshold where the project outcome becomes quite unpredictable. This article explores the consequences of this trend in terms of contracting strategies and the associated complexity risk. It also provides insights as to the measures that financial owners should take to be successful.