Asset Management and Asset Management Systems

A Business Approach

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Agenda

- The Asset Management Council
- Asset Management
- The ISO 5500X Asset Management Standards
- Key issues for asset management
- Defensibility
ABOUT THE ASSET MANAGEMENT COUNCIL
Vision

Enabling benefits for all from the use of assets
Asset Management Council

• Established 1984
• Member based, Industry Funded, not-for-profit professional association
• Technical Society of Engineers Australia
• Our mission is to:
  – create **broad awareness** of the value of asset management
  – nurture **common understanding** of asset management, and
  – provide a **portal** to asset management knowledge and resources
What do we do?

• GFMAM
• International Standards Organisation (ISO)
• International Electro-Technical Organisation (IEC)
• Courses and learning programs:
  – AM Fundamentals
  – Strategic Asset Management Plan
  – Asset Management Plans
  – Risk and Reliability
• Asset Management “Body of Knowledge”:  
  – Contains global standards and associated commentary
  – Includes case studies
  – Competencies
• Competency and Certification
  – AM Certification Scheme
• Asset Management Maturity Awards
WHAT IS ASSET MANAGEMENT?
What is Asset Management?

Asset Management Council:
“*The life cycle management of Assets to achieve the stated outputs of the enterprise.*”

ISO 55000:
“*The coordinated activity of an organisation to realise value from assets.*”
The business connection for AM

Asset management “assures” the delivery of “value”, namely the:

• Agreed performance/levels of service
• Required Return on Equity and/or Return on Net Assets etc
• Required Residual risk profile (safety, asset reliability, reputation etc)
• In line with projected Profit and Loss Account, Balance Sheet and Cash Flow Statement

“Effective control and governance of assets ... to ...achieve the desired balance of cost, risk and performance.” ... ISO 55000
WHAT ARE THE ISO 55000 STANDARDS?
The ISO 5500X Suite

- 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
Value
Assets exist to provide value

Alignment
Asset management translates organizational intent into technical and financial decisions, plans and activities

Leadership and Culture
Leadership and workplace culture are determinants of realization of value

Assurance
Asset management assures that assets fulfill the required purpose
ISO 55001 Requirements

Asset Management System (Sections):
- Context
- Leadership
- Planning
- Support
- Operation
- Performance Evaluation
- Improvement

Supported by 71 “Shall” statements
WHAT ADVANTAGES DO THE ISO STANDARDS OFFER?
The ISO suite is becoming 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 offering a commercial advantage to investors.

Insurers may also assess the adequacy of an organisation’s asset management using the ISO when determining premiums.
ISO Advantages

Business

• Improved financial performance
• Informed asset investment decisions
• Managed risk
• Improved services and outputs
• Demonstrated social responsibility
• Demonstrated compliance
• Enhanced reputation
• Improved organizational sustainability
• Improved efficiency and effectiveness

Asset management now has a world wide common meaning
SOME KEY ISSUES FOR ASSET MANAGEMENT
Costs and Issues over the Life Cycle

2/3 to 4/5 of total life cycle cost is in Operate and Maintain

About 50% of all maintenance tasks have a direct link to safety
Risk Management
Safety, Financial, Reputational etc

“Effective control and governance of assets ... to ... achieve the desired balance of cost, risk and performance.” ... ISO 55000
What can asset management deliver - Defensibility

• Feb 2016 – Ausgrid and The Australian Competition Tribunal

• June 2016 – Endeavour Energy and the Supreme Court
THANK YOU