

In compliance with the terms of the Copyright Act 1987 and the IP Policy of the university, the copyright of this Corporate Consultancy Project Report has been transferred by the author to the legal entity of the university.

## ABSTRACT

Global crude oil price has seen a significant drop since Q4 2014. The drop in crude oil price comes after nearly five years of stability at a price of USD110 per barrel. However, it has dropped to below USD70 per barrel at current state. Petroliam Nasional Berhad (PETRONAS), a national oil and gas company has reported its first quarterly losses in fourth quarter 2014 due to the low crude price. Hence, extensive cost rationalization initiative is being taken place across companies to ensure Company's sustainability in current stumbling economic environment.

Apart from new development, procurement of products and services are the biggest contributor of cost utilization. Involvement of local agents in the procurement process has resulted into cost escalation to the Company. The involvement of local companies is governed by the SWEC code requirement under PETRONAS licensing and registration. With current economic turmoil, it is worth to relook on the SWEC code policy for cost rationalization exercise in the Company.