

Risk-based decision tools — real options decision support

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ACIL Tasman develops sound investment, asset management, governance, trading and policy strategies for clients in the presence of high levels of uncertainty.

For more than 20 years we have advised clients using investment evaluation models, developed within ACIL Tasman, that are today recognised as real options valuation models. Many would also recognise strong elements of decision-tree and portfolio analysis methods in these approaches.

These tools were applied initially to support advice on the development of R&D strategies and portfolios, and have now been incorporated into the internal planning systems of some large R&D organisations.

The real options model, and the underlying approach to risk-based investment planning and decision-making, have since been developed for broader application, particularly in volatile energy and commodity markets, and in relation to very long-term commitments, such as in infrastructure and defence projects.

See our economic impact assessment, economic modelling and economic analysis case studies.

Contact ACIL Tasman for further information on real options modelling.