

REAL OPTIONS VALUATION IN THE EUROPEAN ECONOMY

Modeling, Case Applications, Tutorials and Evidence

June 15-16, 2011 – Turku, Finland

A revolutionary new paradigm for capitalizing on uncertainty in the new millenium...

Features

- *Practical presentations and case applications* by experts from leading corporations and universities
- *Roundtable (break-out) discussions by industry* where participants choose their area of interest and interact to address key issues & challenges (Energy & Real Estate; Innovation/Technology and Strategy)
- *Panel discussions by leading experts* in various hot areas
- *Tutorials/ keynote presentations* from thought leaders
- *Networking reception* to interact with your peers in a relaxing atmosphere

Benefits of Attending

- Learn how to make flexible step-by-step decisions and adapt to change to gain competitive advantage
- Take advantage of uncertainty to capitalize on upside while limiting downside risk
- Translate your corporate strategic plans into forward-looking real option value that enhances shareholder wealth and market price
- Understand and communicate the advantages of options analysis and dynamic thinking compared to discounted cash flow analysis
- Learn how to structure your decisions & agreements to maintain valuable flexibility
- Quantify the value of strategic investment opportunities and operating options
- Value innovation/technology investments and growth opportunities
- Learn about successful applications in Energy, Real Estate and Infrastructure, R&D/Innovation, Project/Contract/Systems or Corporate Strategy Design
- Benefit from experiences of leading corporations that are currently using real options
- Consider the benefits and challenges of adapting real options into your organization
- Meet and interact with international thought leaders and peers from leading corporations

Organized by



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Wednesday June 15, 2011

DAY 1

MODELING/SIMULATION AND GLOBAL CASE APPLICATIONS

8:30 Registration

8:50 Welcome/Orientation

9:00 WORKSHOP/PLENARY SESSION
Real Options: An Overview and Applications
Luiz Brandão, PUC-Rio, Brazil

MODELING: VOLATILITY ESTIMATION AND SIMULATION

9:30 Modeling Choices in the Valuation of Real Options
Mikael Collan, CEO Fennicum Financial and U. of Turku, Finland

9:50 Uncertainty and Flexibility in Complex, Large-Scale Systems
Sarah von Helfenstein, Braver P.C., USA

10:10 Estimating Changing Volatility and Sensitivity Analysis in Cash-flow
Simulation Based Real Option Valuation
Tero Haahtela, Aalto U, Finland

10:30 Morning Coffee Break

11:00 Volatility Estimation in Stochastic Project Value Models
Luiz Brandao, PUC-Rio, Brazil, James Dyer, U. of Texas at Austin, and Warren Hahn,
Pepperdine U, USA

11:20 Evaluating Compound Real Options with Simulation: A Mining Project
Viability Study
Flavio Cipparrone and Guilherme Vitolo, U. of São Paulo, Brazil

11:40 Mean Reversion with Drift: Applications in the Steel Sector
Luiz Ozorio, PUC-Rio, Carlos Bastian-Pinto, UNIGRANRIO, and Tara Baidya, PUC-
Rio, Brazil

12:00 ROUNDTABLE DISCUSSIONS BY INDUSTRY

- A. Energy & Real Estate Roundtable (*G. Sick and L. Brandao*)
- B. Innovation/Technology & Strategy Roundtable (*J. Kensinger and M. Collan*)

1:00 Luncheon

2:00 Managerial Keynote Address

Theoretical Precision and Practical Relevance: Challenges for Real Option
Valuation
Christer Carlsson, Abo Akademi U, Finland

CASE APPLICATIONS FROM AROUND THE GLOBE

2:40 Applying Real Options Models to Value Medical Devices
Kelsey Barton and Yuri Lawryshyn, U. of Toronto, Canada

3:00 Evaluation of Staged Expansion of Oil Sand Projects
Laleh Kobari, Yuri Lawryshyn and Sebastien Jaimungal, U. of Toronto, Canada

3:20 Evaluation of Flexibility in Outsourcing Agreements
Dogan Mersin and Seckin Polat, Istanbul Technical U, Turkey

3:40 Afternoon Coffee Break

4:10 Evaluating Joint Development of Donated Technologies to Universities
Marie Talnack, U. of Southern California, USA

4:30 Government Supports in PPP Contracts: The Case of São Paulo Subway
Carlos Bastian-Pinto, UNIGRANRIO, Luiz Brandao and Leonardo Lima, PUC-Rio,
Brazil

4:50 Enhancing SMEs Strategic Investment Decision Processes
Farrah-Merlinda Muharam and Maria-Antonia Tarrazon, U. Autonoma de Barcelona, Spain

5:10 Planning, Building and Managing Intellectual Property Portfolios:
Patent Applications, Exploitation and Decision Support
Matti Brax, Berggren Inc., Finland

5:30 Closing Remarks



Thursday June 16, 2011

DAY 2

TUTORIALS & EMPIRICAL EVIDENCE

TUTORIALS

9:00 Real Options in Corporate Decision-Making: Examples from the Industry
Mikael Collan, CEO Fennicum Financial and U. of Turku, Finland

9:40 Switching Options with Applications in Operations and Manufacturing
John Kensing, U. of North Texas, USA

10:20 Morning Coffee Break

10:40 Modeling Real Options with Applications in Natural Resources and Real Estate
Gordon Sick, U. of Calgary, Canada

11:20 Real Options and Games with Applications in Strategy
Kuno Huisman, Tilburg U., Netherlands

12:00 Luncheon

1:15 PRESIDENT'S ADDRESS

Multinationality and Managerial Real Options Awareness: Evidence on Downside Risk
Lenos Trigeorgis, U. of Cyprus and President, Real Options Group

EMPIRICAL EVIDENCE

2:00 Biomass and Carbon Capture and Storage Technologies: The Influence of Learning Effects
Audrey Laude, U. of Orléans, France, and Christian Jonen, U. of Köln, Germany

2:25 Climate Policy Uncertainty and Investment Behavior: Evidence from Small Hydropower Plants
Stein-Erik Fleten, Ane Marte Heggedal, NTNU, and Kristin Linnerud, CICERO, Norway

2:50 New Product Development Timing: Switching Options in the Face of Volatile Material Prices

Jan Hendrik Fisch and Jan-Michael Ross, U. of Augsburg, Germany

CASUAL/EXPERIMENTAL EVIDENCE

3:15 Enhancing the Role of Real Options in Financial Decision Making: Casual Evidence
Andrew Chen, Southern Methodist U., James Conover and John Kensing, U. of N. Texas, USA

3:30 Optimal Timing of Farmland Investment: An Experimental Study of Farmers' Decision Behavior
Syster Christin Maart and Oliver Mußhoff, U. of Goettingen, Germany

3:45 Afternoon Coffee Break

4:00 Academic Keynote Address

Real Environmental Options
Dean Paxson, U. of Manchester, UK

4:45 – 5:45 Panel Discussion

Real Options Application: Successes and Impediments
Moderators: Christer Carlsson (Åbo Akademi U., Finland) and John Kensing (U. of N. Texas, USA)

Panelists Include:

Luiz Brandao (PUC-Rio, Brazil)
Mikael Collan (Fennicum Financial, Finland)
Jorma Hanski (President, Berggren Inc., Finland)
Sarah von Helfenstein (Braver PC, USA)
Dean Paxson (U. of Manchester, UK)
Gordon Sick (U. of Calgary, Canada)

5:45 - 7:15 Networking Reception

Sponsored by ROG, IAMSR/Åbo Akademi U. and Aalto U.

About the Conference

Venue

The conference is hosted at the premises of ICT House at Åbo Akademi University (located in the heart of Turku Science Park), in Turku, Finland. The address is: Joukahaisenkatu 3-5. Turku, currently the cultural capital of Europe, is located 2 hours from Helsinki by fast train. For more detailed info about the venue or Turku visit <http://iamsr.abo.fi/i/index/index/pid/20/sid/67/area/Conferences>

Fees & Registration

Academic attendee: US\$825 by April 28, \$990 thereafter (or equivalent in Euros)

Corporate presenter (one per paper): \$825 by April 28, \$990 thereafter

Corporate attendee: US\$1,650 by April 28, \$1,980 thereafter

Registration should be made online via the conference website www.realoptions.org

Important Administrative Information

Registration fees include the conference proceedings and other materials, gifts, lunches, coffee breaks, and receptions. They also include a brief bus tour in the city of Turku with dinner cruise in the Finnish Archipelago on Friday evening. A 2-3 day cruise (or by fast train) tour to St Petersburg, Russia is also available at extra cost at the end of the conference. Substitutions (from the same organization) can be made at any time. Cancellations made in *writing* by June 1 can be refunded, except for a 15% service charge. Those not attending or canceling after June 1 are responsible for the whole fee. The organizers reserve the right to make changes to the program without notice. Only registrations paid by April 28 are guaranteed to be confirmed and be included on the official list of participants. For information on registration and other general-type conference-related inquiries contact Eugenia (tel +357 22893605; fax +357 22895030; e-mail conference.registration@realoptions.org). For information on local logistics, IAMSR/Åbo Akademi, Turku or Finland contact Sarah Lindström (tel +358503659278, fax +358 2 251 5557, e-mail lindstrms@gmail.com).

Hotels, Airport/Transport

See <http://iamsr.abo.fi/i/index/index/pid/21/sid/67/area/Conferences>

Who Should Attend?

**CEOs, CFOs, Heads of Strategy, Vice Presidents,
Directors, Technology Officers, Investment Bankers, and Analysts in:**

- Strategic Planning
- Corporate Finance
- Risk or Portfolio Management
- Technology Management/Information Technology
- Marketing
- Manufacturing/Supply Chain/Contracting
- R&D/Innovation