EnergyRisk

ASIA AWARDS 2014

ETRM Software House of the Year

OPENLINK

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Asia is widely viewed as a key growth area for commodities trading, and many energy producers, consumers and traders are ramping up their presence in the region. That is leading to increased demand for IT systems that can handle everything from physical market logistics to derivatives trade execution and risk management. And, with several Asian countries rolling out tougher regulations on over-the-counter derivatives, firms are under increasing pressure to show they have a healthy risk management function supported by robust technology.

Recognising these trends, US-based energy trading and risk management (ETRM) software firm OpenLink began ramping up its Singapore office about five years ago. From five employees in 2009, the firm now has more than 40 staff working across sales, marketing and customer support. “Asia is viewed as a big growth area by the company and the Singapore office is no longer a satellite office,” says Craig Bennett, the firm’s managing director for Asia-Pacific, who was appointed in January this year.

Over the past 18 months, the firm has grown its business in Asia in two ways – by catering to the needs of global clients that are expanding in the region, and by obtaining new Asia-based customers. It is the last of these two areas where Bennett is spending most of his time. Between the beginning of 2013 and mid-2014, the firm approximately doubled its local customer base, he says. “My mandate is to grow the local Asia business through the Asian customer base, not to rely on importing business from elsewhere.”

OpenLink’s increased presence in Asia is being noticed by energy market participants. “I see a lot of positive impact in the changes to management in Singapore,” says a Malaysia-based risk professional at an Asian oil and products trader. The firm selected Endur – OpenLink’s flagship commodity trading and risk management system – for its entire front and back office in 2010. A successful implementation of the package took place in 2011. Since then, OpenLink’s local operation has noticeably improved in terms of product knowledge, they add.

Gregory Moyle (left), and Craig Bennett

OpenLink has long been a leading player in ETRM, but broadened its offering through both organic growth and a string of acquisitions between 2007 and 2012. It now offers decision support tools, logistics management and physical trading tools, positioning itself as more than just a traditional ETRM vendor. “Firms can use our systems to unlock optionality across the entire supply chain,” says André Jäger, OpenLink’s London-based senior vice-president for product management. “We offer pre-transactional and operational support solutions, so we cover more than just trading and risk.”

This has become more important in recent years, due to a trend of energy companies buying more upstream and downstream physical assets. Chinese oil companies have purchased aggressively in Africa, for example, while Japanese energy traders and utilities have been readily acquiring liquefied natural gas facilities in Russia and the US. The addition of those assets is resulting in a greater level of portfolio complexity. “Firms need more decision-making tools, optimisation and forecasting capabilities to maximise the value of their supply chain,” says Jäger. “By expanding in both directions, the business they have to include in their ETRM function gets more complex.”

While OpenLink’s Endur is most often used by oil companies and refiners in Asia, its RightAngle software – acquired in 2011 through the purchase of US rival SolArc – is gaining traction with Asia’s abundant shipping and bunkering companies. One of OpenLink’s largest deals last year involved the selection of RightAngle by a Singapore-based oil trader. The implementation, which was due to go ahead as *Energy Risk* went to press, is on time and on budget, says Jäger. “It’s been an extremely successful project and one that we’re really proud of.”

Looking ahead, OpenLink is positioning itself to meet the needs of companies operating in the Japanese power market, which is gradually being opened up to competition. “I’m very excited about the opportunities there,” says Bennett. ■