

*Putting Knowledge Into Action*



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## **Triple Point's Triple Push for Market Leadership**

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Trading and risk management software company Triple Point Technology is having a good year. Not only has the company made a good deal of progress signing up new customers for its software, it has bagged a premier relationship with software giant SAP AG too. Recently, I spoke to a team of senior Triple Pointers about their threefold push for market dominance via the SAP relationship, investment in new technology and architecture and delivery of a broad commodities trading and risk management platform.

### **SAP and Triple Point**

Recently the company capped its year with an announcement that "its commodity and energy trading and risk application has become a SAP-endorsed business solution." Commodity Management utilizes best-of-breed components from both SAP AG and Triple Point (Triple Point's SAP-endorsed Commodity SL™ and the SAP® ERP application) and optimizes profits across the commodities supply chain. The tightly integrated software solution is fully tested by SAP and it delivers a "common maintenance program and a common technology platform at the lowest lifecycle cost."

There are literally thousands of solutions available that have achieved "Powered by SAP NetWeaver®" status but Triple Point Commodity SL is one of only 18 SAP-endorsed business solutions worldwide and remains the only solution endorsed by SAP in the commodity trading and risk management application area. According to Michael Schwartz, Chief Marketing Officer for Triple Point, more than 30,000 development hours and millions of dollars have been invested in Commodity Management to eliminate the need for custom integration and to provide the lowest total cost of ownership (TCO). SAP and Triple Point maintain ownership of the developed interfaces contained in Triple Point Commodity Management throughout the product life-cycle to help eliminate the risk and cost for their customers.

What the SAP relationship gives to Triple Point is access to SAP's global sales force and marketing prowess and Schwartz is quick to point out what a powerful alliance and competitive advantage this really is for the company moving forward. But, as we all

know in this business, an alliance is only as good as the sales that result from it. There, Triple Point claims three scalps already signing ABB Grain, Imperium Renewables (a biodiesel company) and Engen Petroleum for Commodity Management in the last two months. Engen is South Africa's largest integrated oil company and owns and manages a 150,000 barrel per day crude oil refinery and a state-of-the-art lubricants blending plant in Durban. Engen has a fuels market share of 27 percent and a network of over 1,250 service stations and over 450 Quickshops in South Africa. It operates in 14 countries and employs 2,500 people across the continent.

The relationship also addresses a potential Triple Point weakness—its' European presence. In UtiliPoint's benchmarking study of European ETRM software undertaken earlier this year<sup>1</sup>, Triple Point lagged its traditional competitors in market perception and installed base somewhat as compared to similar studies in North America. Triple Point was aware of that issue and had appointed Greg Leck as Vice President, Business Development, EMEA late in 2006 to head the London office. The strategy appears to have paid handsome dividends for the company as it has added significantly to its European installed base this year and that SAP alliance can only help matters. According to Tarun Bhattacharya, Vice President, Client Operations, EMEA, its European clients now include Glencore, one of the world's largest suppliers of a wide range of commodities and raw materials to industrial consumers; OMV, the leading oil and gas group in Central Europe; Preem Petroleum, the largest oil company in Sweden; Borealis, a leading provider of plastic solutions; Lehman Brothers and UBS.

### **Investment Banks are Choosing Triple Point**

One area that Triple Point has found success is among the investment banks. Traditionally the territory of a major competitor, Triple Point's broad-based commodity platform has become the flavor of the year as investment banks have entered energy trading with gusto these last 18-months or more. Michael Ravo, Vice President, Industry Solutions for Triple Point attributes this success to the breadth of the solution and what he claims to be the ETRM software sector's most up to date technology. The solution is now delivered as an n-tiered, J2EE 2.0-compliant, Web-enabled suite of solutions that encompasses everything from Biofuels through traditional energy commodities to freight, softs and metals. The range of Triple Point's software platform gives the company a competitive advantage over many other suppliers and particularly appeals to the broader commodity traders.

### **Triple Point's Positioning**

In what is still quite a crowded marketplace for energy trading & risk management software, Triple Point is increasingly differentiating itself through its architecture and through its coverage of the broader commodities. While many of its competitors are focusing on expanding up and down the energy value chain, Triple Point has gone for width across all commodities. By pursuing that strategy, the company is creating market leadership in a broader marketplace than just energy and will appeal to investment banks, larger hedge funds, commodity trading shops and energy companies. By aligning so intimately with SAP, Triple Point has also put itself in an advantaged position by virtue

of access to SAP's customers, sales force and marketing engine. It also squarely and neatly addressed any issues with its European presence through its SAP relationship too.

On the other hand Triple Point does face competition in almost all industry markets from some form of competition. Perhaps its closest competitor from a product standpoint is Navita who are also doing well this year in attracting new customers—particularly in Europe. Meanwhile, OpenLink, SunGard, Allegro and others are always going to be in consideration for new licensing deals along with several other vendors depending on the geography and commodity coverage. It cannot be denied however that the SAP relationship has powerful appeal, and while other vendors can certainly build interfaces to SAP, none but Triple Point has the access to SAP's deal flow and no other can point to the level of investment and support of SAP's product.



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