

the DESK

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Filling in the ETRM Gaps Now and in 2007

By Michael Schwartz, Chief
Marketing Officer, Triple Point
Technology

The Last Couple of Years We've Seen Momentum Build for Organizations to Upgrade ETRM Systems, driven by high commodity prices, acute volatility and a focus on risk management and corporate governance. Even though 2006 was a record year for Triple Point, we expect a major acceleration in the rate of investment in ETRM systems throughout 2007. Risk management and corporate governance will continue as important focus areas, but there are several other themes we expect to gain in significance, including a growing utilization of business intelligence tools to better exploit trading and supply chain profit opportunities, the adoption of one enterprise-wide trading and risk solution and a concentration on system performance.

Risk management, along with corporate control and governance, has dominated the mindset over the last several years and won't lessen in 2007. But there will be a growing focus on exploiting profit opportunities through the use of real-time business intelligence and decision support tools. Consisting of both analysis and reporting, business intelligence solutions provide the

models needed to turn the explosion of available data into usable information to make smart decisions. At every step throughout the lifecycle of a trade, business intelligence refines information into an actionable format that makes the decision-maker more productive. Solutions span a wide variety of decision-making requirements, for example P&L attribution provides traders and risk managers with a period-to-period, even intra-day, understanding of root-causes changes to the P&L.

"One Enterprise, One Solution" is a theme that we expect to take hold in 2007, creating a real-time enterprise that is connected from C-suite to user, across commodities, between geographies and from front to middle to back office. Executives have dashboards at their fingertips that let them know exactly how the business is performing and where they need to focus their time. Traders, risk managers, schedulers and accountants have the complete functionality they need to do their jobs. When enterprise-wide risk management (EWRM) becomes a reality, cross-department system obstacles are removed and integrated business processes are enabled.

In 2007, architecture and performance become even more important. There's nothing that has less sizzle than infrastructure; when buying a house, although wiring and plumbing are not nearly as

sexy as viewing the master bedroom, living room and den, they are definitely as important. Well in this case, in order to have real-time business intelligence and "one enterprise, one solution," every detail of a trade, schedule, counterparty contract, etc. needs to be captured and available at the lowest level of granularity. It's the only way to go from the lowest level of detail to an executive dashboard and drill back down to the detail across commodities and geographies.

This is a huge amount of data, which will continue to grow exponentially over the years, and needs to be managed and manipulated in real-time – and it must be real-time. So a solution not only must have great functionality – this is the ante to sit at the table – but also must have matching great performance. It doesn't matter how beautiful the rooms in a house look, if you flip the light switch and you have to wait minutes for the lights to come on, then you're not buying the house. Triple Point has always led in functionality and performance due to large investments each year in research and development – 2007 won't be different. Watch for big announcements in the first quarter.

Michael Schwartz can be reached at michaels@tpt.com or call 203/291-7979. For more on Triple Point Solutions, go to www.tpt.com.