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Aspect Gains Ground

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Aspect Enterprise Solutions was incorporated in 2000 as OILSpace and now has some 11+ years under its belt as a vendor in the E/CTRM software space. Aspect is, however, somewhat unique from the other vendors in the space in two respects:

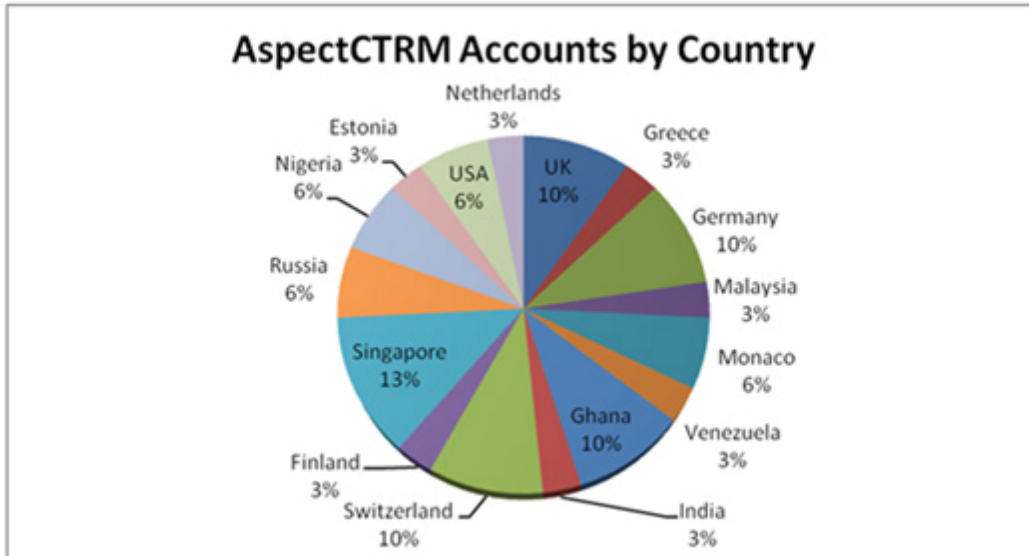
1. It offers its clients a data server solution delivered on a SaaS basis that includes real time futures, news, FX, industry content, charting, prices, options calculator and more called AspectDSC (Decision Support Center). Perhaps the only other E/CTRM vendor offering a combination of price/market data and an E/CTRM solution would be SunGard (Kiodex), although Kiodex is focused more on paper than physical trading. AspectDSC covers Oil, Agriculture and Metals markets.
2. AspectCTRM is a SaaS-based solution for Commodity Trading and Risk Management. Due to its deployment on the cloud, Aspect Enterprise is able to deliver quickly and cost effectively as well as offer three versions for different types of users including Lite, Standard and Enterprise to cater for increasingly complex trading operations. AspectCTRM primarily covers liquid hydrocarbons and metals. However, coal, emissions and natural gas commodity verticals are covered, too. It's worth noting that the deployment methodology is not just restricted to the cloud. There are also instances where AspectCTRM has been deployed within the firewalls of the client.

Aspect is, therefore, able to gain clients across a very wide market for its AspectDSC product which can, and often does, result in the client adopting its E/CTRM solution later, as well. By virtue of its delivery mechanism and ability to deliver Lite and full featured versions, it can also gain access to geographic markets and market segments that other vendors may find unattractive. In reality, that's quite a differentiator.

To find out a bit more about Aspect, I spoke with President & CEO, Steve Hughes and Yagnesh Savania, Director of Sales for the EMEA region.

According to Hughes, Aspect's CTRM business grew by 28 percent in 2010, well in excess of CommodityPoint's estimate of overall market growth of 11percent, thus outpacing the market. It now operates in 85 countries, including some countries where other E/CTRM vendors have little or no presence, such as Russia, and various West African countries such as Nigeria and Ghana (See Figure 1).

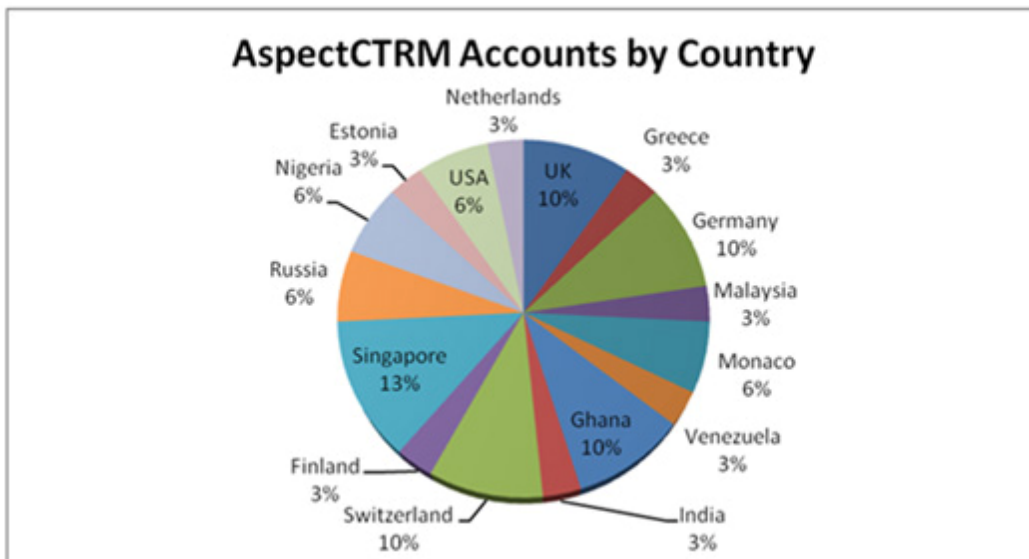
Figure 1



Source: Aspect Enterprise

Indeed, Aspect has done quite a good job expanding its footprint outside of the traditional "OILSpace" territory, and now has clients for coal, metals and biodiesel in its portfolio (Figure 2).

Figure 2



Source: Aspect Enterprise

West Africa

I asked Hughes and Savania about the company's remarkable success in West Africa, in particular. Aspect has been active there for over 10 years selling the AspectDSC product. "It's key for clients in these territories to get data quickly at the right price," Savania told me. With AspectDSC, there is no installation of hardware and software, and that makes it an attractive proposition which allowed Aspect to grow and develop relationships with customers and partners in the territory. In fact, according to Hughes, at a recent large conference/tradeshow in Africa, 43 percent of the attendees were Aspect clients. "Eventually, some of these clients came back and said let's talk trading and risk management," said Hughes.

The AspectCTRM product provides prices, forward curves, simple capture of physical trades and so on—all the basics required to migrate off of spreadsheets. Additionally, clients want to manage things like FX exposure and desire confidence that the data is correct.

Russia

Another country that Aspect has had success in is Russia. In fact, it has an office and development team there. The company cites a number of examples of its ability to do business in Russia including:

- Russian Oil Major TNK-BP—a trade management client since 2003, its primary focus is in and around both domestic and export trading, by the Black Sea and the "friendship" pipeline—AspectCTRM Enterprise Edition (EE) client, handles physical trades, most importantly covers "rail car trades" and is integrated to SAP;
- "European" trading company with vast assets in Russia, since 2009—Buying from Russian refiners and exporting to Europe—AspectCTRM Standard Edition (SE) client;
- Turkmenistan trading company, since 2009—barging from Turkmenistan to Azerbaijan and Georgia, managing risk (paper) from Geneva Office—AspectCTRM SE client;
- Russian trading company, since 2009—buy products in Russia to export, hedging out of Estonia—AspectCTRM Lite Edition (LE) client. Future project to integrate terminal data and rack sales into AspectCTRM Standard Edition, by upgrading from Lite;
- Moscow-based trading company, since 2010—buy products into Europe, export crude manage position - execute swaps and futures, log these into Aspect for true P&L and Exposure (bbls and \$)—AspectCTRM LE client.

Aspect says that it sees little or no competition in Russia or the ex-Soviet States.

Summary

Aspect's unique combination of products and platform appears to enable the company to enter markets and territories where there is little in terms of competition, and provide workable solutions and a reasonable cost and without significant investment in hardware and infrastructure. One product builds on the other easily and relatively seamlessly providing the company with stepwise up selling opportunities. In turn, this has allowed the company to grow faster than the market.

In many respects, Aspect is creating opportunity for the broader vendor landscape, too. They are helping shoe users into an affordable E/CTRM solution and in the process helping to create broader demand in the future. They are also helping to change the perception that E/CTRM software needs to be a big ticket item and innovating SaaS-based delivery in a market that historically has resisted change.

Note: Aspect Enterprise is a CommodityPoint client.

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