



Energy software house of the year *Winner: Sakonnet Technology*

When it came to assessing possible candidates for the energy software house award, EPRM found itself looking at one of the most competitive mini market-places in the energy sector.

But one of the things that singled out New York-based Sakonnet Technology was the firm's enthusiasm and belief in their trading and risk management product Xenon. Whereas many other companies may point out their evident success in terms of numbers of clients, amount of developers or yearly revenues, very few put such emphasis on their products.

"We are all very passionate about what we do," says Eric Min, chief operating officer and co-founder of the company.

The importance of the software harks back to Sakonnet's birth in 1998. Min and his co-founder Alarik Myrin had been working on a project for their then employers JP Morgan to implement a consolidated technology system for the investment bank's commodities department.

"About a year and half into the project we were in the final stages and were working late every night to get the system in," says Min. *"We said to each other there had to be a better way; a more efficient way of getting customers into production at a cheaper cost."*

Simple, yet sophisticated

Another key factor was that software had to be easy to use yet remain a sophisticated product, he says. *"There was often a situation where you had a dumb system that was easy to use or a very sophisticated system that you couldn't figure out how to use."*

The first production version of Xenon – then called Picasso – came in January 2001. The first clients were quick to arrive – in February 2001, the UK arm of Norwegian oil major Statoil UK and in April of the same year AIG Trading, the financial and energy trading division of global insurance company AIG.

The latest of these is German multi-utility E.on, which came on board with Sakonnet in April.

The Xenon software covers trading and risk management in electricity, natural gas, crude oil, oil products and coal for both physical and financial transactions. It is an intranet/internet java-enabled system, which allows upgrades and new functions to be added over short periods of time.

There is a monthly fee for usage, with no payment required until the software is installed. *“We only charge our customers if we deliver our services,”* says Min.

He also points out that this approach removes client concerns over potential hidden costs, such as implementation and integration charges, on top of the cost of the actual software package – a lesson he learned from his days at JP Morgan.

“We make all our customers aware of all the hidden costs, particularly if they are new to vendor systems,” he says. *“We focus on the concept of total cost of ownership.”*

In addition to the software itself, another reason for Sakonnet’s success has been the support it supplies to its customers – 24 hours a day, seven days a week.

“It is a tough order to fulfill, but we are all connected and accessible at all times,” says Min. *“We can securely connect our application from anywhere: home or a hotel. And that’s an advantage for the platform in that it is very close to the client.”*

Recruitment

The support function is much more than just a help desk at Sakonnet, adds Min. Each person who receives an enquiry is responsible for delivering the answer. Support staff also help in pre-sales, analysis and marketing through attendance at industry conferences.

Consequently, recruitment at Sakonnet is a stringent process, and the company has a backlog of CVs and applications for employment. *“It’s not easy getting a job at Sakonnet,”* says Min.

But not impossible. The firm now has 24 staff, up from 11 a year ago, and opened an office in Stockholm, Sweden in April (see page 14). *“That is 100% growth in a year, and I think we will double again in the next couple of years,”* says Min.

Sakonnet already has plans to open another office in mainland Europe to add to the ones in the UK and Sweden, and does not rule out further office development in the US.

They are also looking at markets further afield, such as Australia. But as this growth continues, Min aims to maintain the ‘small family’ feel to the company of which he is so obviously proud.