

An Insider's View

With more than 300 employees and five offices supporting clients on four continents, founder and CEO Coleman Fung discusses the company's successes and challenges.

Q: OpenLink's 2001 revenue and earnings set another record. What's the OpenLink secret? And why reveal so much information as a private company?

A: There is really no secret. We have a very basic, organic, and transparent business model, focused on what we do, our clients and staff. Compared to other software companies, we have a unique and strong focus on product development. Our development budget is much higher proportionately than that of our competitors. On the client front, we have developed a very adaptive set of service models for various sizes and needs, from huge trading and marketing firms like Duke, Mirant, AEP, and Dynegy to niche players around the globe. Finally, our staff is our most valuable asset. We work very hard to maintain an unencumbered environment where employees can work effectively and creatively as teams.

We provide so much financial information because we aspire to become the first "benchmark" company in our business -- being the best at what we do, with the utmost integrity and business ethics.

Q: How does your energy solution, Endur, support such a diverse and demanding list of top-tier clients?

A: With our very lean marketing budget, our clients, in fact, have been our best sales resource. They truly validate Endur's open, cross-market architecture and our service model -- the key elements of our success.

Endur is so adaptive, dynamic, and integration-friendly that each of our clients can implement and model their own set of business logics, trading preferences, advanced risk management analytics and operations requirements. The most exciting part of visiting our clients is seeing how they have leveraged and tailored Endur to create their own trading and risk management environment. Traders from different firms may be looking at similar real-time position pages, but the contents - their proprietary risk views - are totally their own. A perfect example of our Adaptive component.

Endur is also dynamic in terms of both business and technology changes. On the business side, Endur's openness ensures the highest degree of flexibility, accommodating most, if not all, market dynamics. For those few unlikely scenarios where it doesn't, our high reinvestment in product development delivers new enhancements. On the technology front, we are constantly researching and adopting new technologies. We are working on some of the most exciting technologies for introduction later this year.

Finally, we have an understanding of and appreciation for our clients' challenges of putting together the best system solutions for their mission-critical needs. We never impose OpenLink's view of the world. Instead, our solutions are integration-friendly. ORIEN, our XML server, is proof. Our clients have deployed

ORIEN as the integration nerve center that controls and manages critical, bidirectional data between Endur and a host of external systems, such as online trading facilities (e.g., DynegyDirect), electronic exchanges, in-house or third-party scheduling systems.

Q: Given your current successes, what challenges lie ahead for OpenLink?

A: Market perception, definitely. Unfamiliar prospective customers sometimes mistakenly view Endur as very complex, requiring a great deal of effort to implement. Yes, Endur is highly sophisticated. You cannot be the most advanced solution without a sophisticated core. But leveraging this core, we have built a number of standard, fast-track implementation models for specific markets and industries. We have clients who have implemented these standard models within three months, with the quickest taking just six weeks. If a client requires 20 interfaces, 15 real-time proprietary position pages, 500 price curves, 200,000 deal imports, etc., it takes an appropriate amount of time and resources. Also, parties are often confused by the types and lengths of relationships we have with various clients. For example, Dynegy was a key development partner for a number of years, investing a significant amount of resources along with OpenLink in building out Endur's functionality. Now, we are working with Duke to develop an industry-first: truly integrated high-end gas scheduling functionality to complement Endur's unsurpassed trading and risk core.

Another challenge is the limiting perception of what enterprise software like Endur is. Building upon our ADI (Adaptive, Dynamic, and Integration) core, Endur is a trading and risk management Operating System, rather than a standard enterprise application. By thinking outside the application box, OpenLink clients can realize far more utilities and benefits from Endur. For example, we have recently completed a Potential Future Exposure (PFE) project on energy commodities for a client, which took only five weeks. Most of this was devoted to understanding the client's specific business logics and PFE view. Very little time was needed to complete the project because of our open, operating system-like facilities and services. Value-added "applications" like PFE truly distinguish OpenLink. Helping our clients to realize these added benefits is our focus.

Becoming a benchmark company requires us to raise the quality of our products significantly above that of our competitors, without affecting our fast, packed development schedule. I am happy to report that both technical and business teams have initiated two separate but related efforts at improving quality.

Successfully overcoming challenges makes us the best at what we do. ■

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