



ARTICLE

ENERGY AND COMMITTEES

**ADAPTING TO MARKET CHALLENGES BY REDUCING
THE TOTAL COST OF OWNERSHIP OF IT ASSETS**

The energy industry is challenged with lower margins and growing regulation where at the same time volatility and risk is increasing. This leads to more transaction volume more complexity but also a growing emphasis on the total cost of ownership of IT assets.

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Introduction

On the tail end of the commodity super cycle, it is simply harder to make money as supply meets and outstrips demand, prices weaken and volatilities are often suppressed, particularly in developed markets. Meanwhile, the cost side of the business has gone up, in part due to an increasing number of regulations to comply that requires investments in people, processes and systems. As margins are squeezed, many utilities and power companies are also facing the challenge of a changing industry landscape in which renewables have gained importance as a generation source adding significant additional complexities to their operations and portfolios.

As a result of these and other challenges and issues, many companies are seeking to freeze or reduce IT expenditures. There is an increased emphasis on total cost of ownership of IT assets and a growing need to innovate in IT in order to deliver value to the business, but at a lower cost. These needs are passed on to the software vendors, consultants, integrators and other suppliers who then need to carefully consider their own portfolios of products.

Similarly, impacted businesses are looking critically at themselves in terms of whether to invest and take on more business, narrow their focus or even exit the business or outsource aspects of it, for example. At the same time, they are evaluating new market opportunities such as portfolio aggregation, entering emerging markets or short-term/real-time trading to turn complexity and volatility to their advantage. In fact, the industry may well be at a critical point in terms of its evolution, challenged by lower margins, increased workload and more complexity.

FIS energy evolves too

Recognizing this, FIS' energy business is also in the process of evaluating and optimizing its capabilities to help its customers make the transition and be successful in whatever direction they chose to go. FIS' energy business can call upon the larger FIS entity in many ways that enable it to be very responsive to the needs of the industry including:

- Investing in more modern technology to optimize efficiency for customers. This includes utilizing HTML5 to offer cloud-based solutions that have a lower entry price point.
- Better managing the product portfolio to expand coverage across commodities and down market to provide cost effective solutions to smaller companies. This involves looking across FIS to leverage other applications and services into the energy and commodities sector.
- Increasing the services that it can offer to customers and examining how those services are delivered and priced. Again, this means leveraging our expertise across many industries and areas such as hosting, business process outsourcing and more.

- By developing focused regional strategies while leveraging a global organization. This can mean providing services from a lower cost region and leveraging expertise in cloud enabled development and deployment. FIS has an HTML 5 strategy that means we are able to leverage over 4,500 developers from across the company increasing agility and speed to market.

By enacting this strategy, we are creating an opportunity for its customers to save money and lower their total cost of ownership.

Do more with FIS and save money

The premise behind our approach is that by using FIS' energy business to provide more solutions and services in a full responsibility mode, customers can save money. Additional benefits of the approach are that you have a single point of accountability and, even if the customer is regional, it is leveraging a global partner.

We can go further than most providers by providing:

- Hosting
- Application development
- Application support
- Software
- Market data
- Implementation
- Integration
- Managed services
- Business process outsourcing

For example, in an area like support, we can provide extended options such as remote monitoring or provide services around end of day execution or invoicing. By performing these services from a lower cost location, the customer can save money and reduce their total cost of ownership.

In the area of deployment, FIS Energy can bundle solutions and services such as Aligne5, standard market content, market data and deploy it hosted in the cloud. We are then providing hosting, software, help desk, maintenance and market data for a subscription fee. The model can be extended to offer business process outsourcing such as invoicing or confirmation, for example.

Using more FIS products and services not only saves money but also helps increase accountability. With fewer suppliers involved, there is less finger pointing and time wasting. Our approach is innovative and enabling and, given the challenges faced by the industry, timely.

Next steps

FIS' energy business is able to bring to bear global expertise across a variety of services and products. It has the ability to help customer become more efficient and reduce costs by offering to do more and by moving processes to lower cost locations. By using a standardized approach to application development in HTML 5, we have more resources working to solve your problems and can get functionality to market faster. Finally, by leveraging the cloud deployment model, we can help reduce total cost of ownership as well as turn large payments such as license fees, for example, into subscription fees while bundling in more services and products.

FIS can also be the partner of choice and efficiency that is responsible and accountable. Lower total costs, more service and products bundled together for a monthly fee for affordability and better cash flow and a single point of accountability. That is the response of FIS' energy business to current market challenges.



Responding to current market challenges, FIS can help lower total costs, bundle more service and products together for a monthly fee for affordability, improved cash flow and a single point of accountability.

About FIS' Solutions for Energy and Commodities

FIS' energy and commodities solutions help energy companies, corporate hedgers, hedge funds and financial services firms to compete efficiently in global energy and commodities markets by streamlining and integrating the trading, risk management and operations of physical commodities and their associated financial instruments. Through real-time data, connectivity and analysis, FIS' energy and commodities solutions help customers achieve transparency and regulatory compliance, address end-to-end transaction and operational lifecycles, and meet timetomarket needs with flexible deployment options. For more information, visit www.fisglobal.com/energyandcommodities

About FIS

FIS is a global leader in financial services technology, with a focus on retail and institutional banking, payments, asset and wealth management, risk and compliance, consulting and outsourcing solutions. Through the depth and breadth of our solutions portfolio, global capabilities and domain expertise, FIS serves more than 20,000 clients in over 130 countries. Headquartered in Jacksonville, Florida, FIS employs more than 55,000 people worldwide and holds leadership positions in payment processing, financial software and banking solutions. Providing software, services and outsourcing of the technology that empowers the financial world, FIS is a Fortune 500 company and is a member of Standard & Poor's 500® Index. For more information about FIS, visit www.fisglobal.com

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