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Best New Trading Support Tools: Weather Insight

We Had the Chance This Week to Demo the latest suite of trading support tools from Houston-based Weather Insight.

This stuff is unbelievable.

Yeah we know, how cool can weather data be? What could they possibly offer on the weather side that's really, really new? Read on, folks. The company's Power Trader Workstation puts the whizbang back into front-end applications.

Rather than trying to reinvent the wheel with another WSI or EarthSat or some other weather data service, these folks have partnered with a variety of leading data vendors, added their own models and wrapped it all together in one of the best-functioning trading dashboards we've ever seen. Part of the logic in this platform is, "Why license everything individually?" You get everything you need in one place and it drives like a Porsche.

Within the Power Trader Workstation you'll find something called Q-Cast, a consensus-based forecasting application that analyzes something like 100 unique weather forecasts each day (16 times a day), covering every city imaginable. The charting, graphing, analysis and reporting capabilities of this system are impressive. After 15 minutes navigating around the system, it was pretty clear the Power Trader Workstation was actually developed by a trader; the way it is organized was an immediate giveaway. You won't find a lot of clutter; it's easy to flip around screens, run analysis on the fly, run simulations, chart and graph and generally get it all done quickly.

As it happens, Steve Mitchell, one-time floor trader at the CBOE, derivative dealer for Citibank and in the good old days, a power trader for Koch and Amoco Energy Trading, is at the company's helm. At each point in his career, Mitchell tells us, developing

forecasting models or custom apps for the desk was part of the drill. Weather Insights is a culmination of decades of trading and programming expertise.

The kicker came when BP was in the process of acquiring Amoco. Mitchell managed to acquire the code for all the various models he built on the trade desk as part of his exit package. This segued into a brief gig with systems house e-Acumen (he was a co-founder), which was recently bought by Global Energy Decisions. In 2001, he created a modest weather data concern that today has evolved into Weather Insight.

When the company received some investment from and JV'd with Houston-based Wilkins Weather Technologies earlier this year, the operation vaulted to the next level. The latter company, incidentally, counts about 90 percent of all the rigs in the GOM as customers. Talk about targeted data. Wilkins, a global marine weather data company, has something like 80 meteorologists on staff at its 24/7 operation. Weather Insight began pitching the trading tools we checked out to the market in late July.

"What we've done at Weather Insight is essentially taken some of the best available data and meteorological expertise, focused it on the energy sector and put it all into terms that can immediately help traders," Mitchell says. When everybody was scrambling to find out the status of rigs and other platforms in the Gulf leading up to and following Katrina and Rita, these guys had exclusive real-time weather data, wind field data, wave height data and the like that corresponded to each individual rig in the region. As such, they could determine the most likely evacuations as per the path of the storm, the rigs most likely damaged and so on. "We can also drill down to the status [in real time] of individual wells, buoys, ships and so on," he says.

All of the Weather Insight services are Internet-delivered for a monthly subscription fee. The company offers about 10 different services, such as the Tropical Service, which updates every three hours once a hurricane (or nasty weather in general) hits the Gulf of Mexico, Atlantic Basin, Eastern and Western Pacific. This particular app also features a production-tracking tool that estimates how much production might go off line due to storm activity – barrels or Bcf, it's got you covered.

All this can drill down to individual rigs or any other land- or sea-based facility, for that matter. Unbelievable.

The app can be customized to your heart's content, if you want to hone in on a particular band, block, city or region. The graphics are sophisticated and operation is nearly idiot-proof. Not that it has to be; traders are pretty sharp, right?

Not surprisingly, Mitchell says the subscription services have seen decent – 10 sales since launch and a couple dozen companies are in trial demo mode. They're shooting for 50 customers by year-end.

Another cool feature of the Weather Insight services offering is something called Energy Trader Live, a

live, daily Internet video broadcast focused on weather impacts on the energy sector. The feed features meteorologist Dr. Jim Siebert. The program harkens back to William's short-lived Internet energy news program. Only this time, the folks involved are well-versed in energy sector...

Weather Insight has also hooked up with the likes of IIR for plant status intel and Powerlytix, a leading power forecasting firm, contributes flow data (we've featured Powerlytix in *The Desk* on a number of occasions). Other third-party data providers may soon be featured in the service as well. This third-party data is seamlessly integrated into the Power Trader Workstation, through which you can slice and dice it any which way.

We can't do justice in this space to the full scope of things we played with during our brief demo, so we recommend you take a few minutes to road-test the system yourself. Mitchell says the trial run is free and training is measured in minutes, not weeks. Funds and merchants should be all over this one.

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