

Oil ITJ Interview—David Sullivan, Tigress

Following the successful buyout of Tigress from PGS last month, Oil IT Journal interviewed David Sullivan, chairman of Tigress Geosciences. Sullivan explains Tigress' positioning in the upstream interpretation marketplace, and outlines the company's technology and business development plans.

Oil ITJ—When was the plot hatched for a management buyout (MBO) of Tigress?

Sullivan—We have been trying to do a buyout for the last two years, but the deal was held up while PGS negotiated Chapter 11. The idea began when PetroBank was sold to Landmark back in 2000. PGS subsequently had the option of selling the Tigress unit to the trade, or doing an MBO. Financially speaking, the MBO proves that we're back. We have no debt and are making money. In our last tenders, for contracts in China, Indonesia, Turkmenistan we won three out of four. These wins were on equivalent functionality and a significant price advantage of around 30%.

Oil ITJ—What are your plans now?

Sullivan—We are taking Tigress back to its roots as a software company with a renewed marketing focus. We have moved back to our original premises in Marlow, UK and are expanding in Tunisia, and Siberia, with a new office in Tyumen.

Oil ITJ—So a software company is a marketing operation!

Sullivan—When you consider the cost of developing a major software package like Tigress you see why there are so few software companies around and how important marketing is. Since the first installation in Shell, back in 1991, around £35 million has been spent on Tigress development. Given that most investors would expect 25-30% gross returns, you can see the pressure on the marketing end of the operation. Today, the cost of developing an independent suite around its own database would be prohibitive. In fact it was probably being owned by PGS that saved Tigress from being acquired by a third party.

Oil ITJ—How do you justify Tigress' position in a software market which is dominated by two major vendors?

Sullivan—Tigress can be categorized as a maverick, a little fish in a big pond. But a lot of other companies have niche applications that integrate with OpenWorks or GeoFrame. But the original intent of 'integration by design' is at once Tigress' problem and strength. Tigress is used all around the world by forty companies—ENI has a lot of licenses. We have seen significant growth in the asset team market. Three years ago we rolled out our first Linux product, with applications and database working at full performance. This

version has proved popular with government departments involved in license rounds. Data can be made available to work up prospects for sale or drilling.

Oil ITJ—And how are you going to develop the product line?

Sullivan—Our 'non compete' agreement with Landmark has now expired. Our relationship with PGS is good. We have launched 'HubCentral' a new generation data-management system leveraging ISA's GeoBrowse* and a major challenge to legacy systems and tape libraries. We have done a lot of modernization of our product. In this we are guided by technical evaluations performed by oil companies.

To mark Tigress' first ten years in Russia we have developed and launched GeoTig, our first all-Russian interpretation system, developed in co-operation with GeoLeader and aimed at the growing Russian market. We are excited about our work with GeoLeader and the potential for our first all-Russian product with more than 80 Russian specialists! Deliveries to launch customers will begin March 2004.

Oil ITJ—What's your main selling point?

Sullivan—The conventional software sales market is mature and Landmark and Schlumberger won! But with the amount of consolidation that has taken place in the last few years, we believe that there is an opening for fully functional software costing a few hundred thousand dollars for a company-wide deployment. Data integration is now recognized as mission critical.

Oil ITJ—What are your objectives now?

Sullivan—To be profitable! This year the market is much improved—the general level of inquiries is an order of magnitude up over last year. Our MBO timing was very good! We were profitable in 2003. Turnover was up 30% gross and 10% net thanks to cost cutting and rationalizing of technology.

Oil ITJ—What's your new technology?

Sullivan—We have a new version of Oracle, the Linux port and some key new code. Tigress 64 is a new ultra-fast 64 bit version of our core Tigress product using Red Hat Enterprise Server and Oracle 9. We support the AMD Athlon and Opteron chipsets. These systems will be delivered to launch customers from March 2004. The release of Tigress 64 marks our fifth year in the Linux market place. On the

application front our large clients have been very supportive. ENI has provided its state of the art petrophysical software which is now embedded in Tigress. This tool is benefiting from a 'fast track' development and deployment throughout the ENI/AGIP group—we all benefit from this two way information flow. Tigress also supports ad hoc data exchange via Ties, an XML flatfile format with '21st century' audit trails. There is also an Open Spirit version of Ties.

Oil ITJ—Where are your markets?

Sullivan—We work on interpretation projects with several seismic processing contractors including CGG. We also cooperate on project room work with experts in North Sea rounds. Next month we are opening the Petroleum Centre in Aberdeen. This is a joint venture with Ingen and Bureau-Plus. The Petroleum Center will offer oil companies serviced office accommodation along with state of the art software and skilled support professionals. The Aberdeen location particularly targets companies engaged in the DTI's prospect license scheme. Software offered will include Tigress PC Edition and Ingen's RAVE economics tool. Other Petroleum Centers will be opening in Tyumen and Marlow. A Center in Luanda opens in April in co-operation with Terra Angola and another is planned in Houston later this year. We also offer our tools in ASP mode via our internet portal.

Oil ITJ—How much did you pay PGS for Tigress?

Sullivan—Sorry, I can't tell you but I can say that it was less than the \$170 million that Landmark paid for PetroBank! PGS could have probably got more cash from a trade sale, but the MBO, which includes a small but significant deferred consideration, offers a greater chance of success in the long term. ☺

* See Oil ITJ Vol. 8 N° 11.

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