

HOUSTON BUSINESS JOURNAL

Strictly Houston. Strictly Business.

Week of November 11-17, 2011

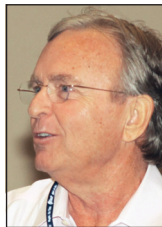
houston.bizjournals.com

New refinery could double Houston tech company's size

BY DEON DAUGHERTY
Houston Business Journal

A Houston contractor cost-management company expects to grow its staff by almost 50 percent within the next year based on the refining industry's embrace of its service technology.

Track Software signed a deal this month worth up to \$1.2 million to provide tracking software to North West Redwater Partnership for its \$5 billion Canadian refinery near Edmonton, Alberta.



Harrell

The company's software calculates contractor hours using the commercial terms and rates of each contract. It's designed to give the company a daily settlement figure with contractors that provides details on the work performed and ultimately, save the company in labor expenses.

Track services refineries owned by Houston-based ConocoPhillips (NYSE: COP), ExxonMobil, Valero and a host of others throughout the United States.

The new contract will be worth between \$600,000 and \$1.2 million based on whether a mobile tracking service is added to the package within the next month or two.

NWR is developing the world's first bitumen refinery, which will combine gasification technology with an integrated carbon capture and storage solution. The refinery will convert 150,000 barrels of bitumen — the sticky, tarlike substance in oil sands — into fuels and other low-sulfur products and sell the CO2 byproduct for

TRACK SOFTWARE

HQ: Houston
TOP EXEC: Bob Harrell, president
EMPLOYEES: 20
REVENUE: \$10 million, annually
FOUNDED: 1989
INDUSTRY: Oil and gas industry, contractor cost-management
OWNERSHIP: Privately held

enhancing oil recovery at low-producing wells.

During construction of the facility, NWR will implement Track 6.2, which includes software to track labor, equipment and materials, as well as lump sum and unit rate pricing modules.

Bob Harrell, president of Track, said his technology will enable NWR to keep up with the some 5,000 contractors building the refinery and then later, working there.

Track Software has 20 employees now, and is looking to hire another 15 by the end of next year, Harrell said, replacing some positions lost through attrition and creating at least nine new jobs, including roles for software engineers and sales staff.

"We have a lot going on here, and taking on this project is not going to stress our organization," he said.

Rather, it's the surge in the oil and gas industry overall that is driving growth at his company.

"We're the typical 20-year overnight success story," he said. "When you are a fairly early-stage technology company,

it's difficult. Most startups, unfortunately, fail, and those that succeed can create a value proposition for what will become new customers that is so compelling it gets to a tipping point. We are just passing that tipping point for ourselves."

The project in Edmonton, which is currently just a cow pasture north of town, will likely call for workers from the Houston area, where refining experience is at a premium, Harrell said. Work in the Canadian oil sands has overloaded the workforce there, which opens up opportunities for Texas contractors.

The construction phase, which begins in the second quarter of 2012, is expected to last at least three years.

Robert Bellinski, an analyst with Chicago-based Morningstar Inc., said that in a large industrial project, especially one of this magnitude, labor is a primary cost driver.

"The better you can control costs, the better return you'll realize over the long term," he said.

"In the energy side, Canada doesn't have a lot of slack in unemployment," Bellinski said, and consequently contract laborers from outside the region may dominate the workforce on the NRW project.

Given the U.S. unemployment rate of 9 percent and Houston's unemployment rate of 8.6 percent, people seeking work in construction and refining may be willing to relocate, he said.

"Certainly, people go where the jobs are. The fact this project is across an international border (may be prohibitive to some), but if the money's there, people will go ultimately."