

# Interview

## Competitive Advantage

An Interview with Brian M. Storms,  
Chairman and Chief Executive Officer, APX, Inc.



Brian M. Storms

**EDITORS' NOTE** Brian Storms joined APX in January 2008. Before this, he was CEO of Marsh Inc. He was also a member of the executive committee of Marsh's public company parent, Marsh & McLennan (MMC). While at Marsh, Storms collaborated and participated with the Clinton Global Initiative; the U.S. Climate Action Partnership; the Business Environmental Leadership Council of the Pew Center on Global Climate Change; and Ceres. Before this, he was President and CEO of MMC sister company, Mercer Human Resource Consulting, which he joined in late 2004. Prior to Mercer, Storms was President and CEO of UBS Global Asset Management Americas and a member of the UBS Group Managing Board. From 1996 to 1999, he was President of the Prudential Investments mutual fund and annuity complex, and from 1991 to 1996, he held various senior positions with Fidelity Investments. Storms began his career as an account executive for E.F. Hutton in New York. He earned his B.S. in economics from the State University of New York, Stony Brook.

**COMPANY BRIEF** APX ([www.apx.com](http://www.apx.com)) is the leading infrastructure provider for environmental commodities and energy. APX Environmental Markets' business services include the APX Environmental Management Account™, ([www.emaccount.com](http://www.emaccount.com)). More than 1,300 global firms use APX registry technology to issue, track, manage, and retire environmental commodities across all renewable energy markets in North America and carbon markets worldwide. APX

Power Markets provides technology through its APX MarketSuite®, strategic consulting, and expert operational services to assist wholesale power market participants reduce costs and improve performance in power scheduling, settlement, market operations, system operations support, and demand response programs.

**Is there an effective understanding today about what APX does, and how have you built that awareness?**

The infrastructure that supports the trading of securities, commodities, or other types of investments in the financial markets around the world – the things behind the curtain that you don't see that make markets work efficiently and provide all the structure and security – didn't exist for the new environmental commodities. They emerged in the past half dozen years and got out in front of themselves in terms of demand with very little structure to support them.

So we have been building up that infrastructure. It's very basic and simple, modeled off a lot of infrastructure we've seen in other financial markets, but purpose-built to what we now call environmental commodities.

**Is there a competitive landscape in this area?**

We're very much a pioneer. There are a lot of traditional players, both in the financial services and technology world, that saw this but didn't apply a blank-sheet-of-paper mentality to it – it was just treated as an add on, a bolt on, or a retrofit.

There are other start-ups opportunistically coming in, software companies in particular. So there is plenty of competition.

But where we have hardly any competition is in a basic part of the infrastructure known as registries. Registries and environmental commodities are like transfer agencies are in securities: they provide a lot of fundamental market structure at the baseline of this new marketplace.

That registry position allowed us to touch almost all the stakeholders who had a relationship to those basic registries. Suddenly, we found ourselves engaged in strong, practical discussions; this is how it started to evolve.

**Is the primary focus today still the U.S. market or do you envision opportunities overseas?**

It's truly a global market. When carbon, for example, becomes a global commodity with governments around the world universally

mandating what are currently uneven laws around carbon, it is purported to be the largest tradable commodity in the world into the trillions of dollars.

Europe took a leadership role in managing carbon cap and trading, so it's a European-centric market today. Asia is moving quickly – China is going to be the next substantial country to move towards something, and they will undoubtedly pass the U.S. as they've done in renewable energy.

The U.S. is where our roots are, but we have a strong relationship in Europe today, and we're going to be an important player in the Asian markets as well as in Australia.

**How did the affiliation with NYSE develop and what will it bring to APX?**

APX brings a lot, although it's a merger not of equals in terms of size, but one where one plus one can equal three or four.

NYSE Euronext saw the marketplace clearly several years ago and constructed a purpose-built exchange in Europe called Lunext. So we were already tracking in the same category. We were brought together through a board member that had mutual interest.

When we were looking at the development needs of the marketplace, the exchanges fit prominently in our design plans because there were two or three purpose-built environmental exchanges emerging, including NYSE.

When we were introduced to each other, it was to discuss a commercial relationship. But the lights went on and Duncan (Niederauer, CEO and Director, NYSE Euronext) saw a way to improve and turbo-charge his organization and we saw the possibility of going from what would have been an agnostic open-market model to one where our focus was more closely on one exchange. We realized if we married the two, we could create real competitive advantage.

**Will the name stay the same or will you change the brand?**

We've formed a U.S.-based holding company called NYSE Blue. Blue is a derivation of BlueNext in Europe. So NYSE Blue has been formed by bringing together BlueNext in Europe and APX; those pieces were integrated into a global infrastructure. We're retaining the APX name for our power business, at least in the United States.

We'll continue to build infrastructure around the world as an association with our exchange. ●