



An Historical Perspective

Over the past century, through its transformation from a publication replete with pictures of horse-drawn tank wagons to a global company offering real-time information 24/7, Platts¹ has consistently promoted transparency within the energy market and migrated its in-depth industry reporting and price assessment expertise into additional commodity markets.

The Early Years

On December 6, **1883** in Delaware, Ohio, USA, **Warren Cumming Platt was born**. After dropping out of school in 1902, Warren found employment as a reporter covering local news, the police beat and sports at several newspapers including the *Cleveland Plain Dealer*, *Cleveland Leader* and finally the *Cleveland News*, where in 1904 he became a general assignment reporter covering energy and the Cleveland-based Standard Oil Trust Company. Fascinated by the then raging battles between John D. Rockefeller's expanding empire and independent oil companies, Warren got his first thirst for promoting greater transparency in the energy marketplace through the expansion of information flow.

In **1909**, at the age of 25, Warren Platt, with \$2,500 borrowed from a personal insurance policy and a small portion of investor seed money, **started his own monthly news publication, *National Petroleum News***², the first of many publications to come. As a champion of the independent oilmen, he aimed to promote transparency and pave the way for greater competition within the oil market, which was dominated by "Big Oil." Platt's initiative no doubt played a role in encouraging the resistance of the independents against the monopolistic major oil companies, and, two years later, the U.S. Supreme Court vindicated their efforts by breaking up Rockefeller's Standard Oil Trust in a landmark antitrust decision.

Platt attributed the rapid expansion of the U.S. oil industry and his own success to the combined effects of this Supreme Court decision, the discovery and development of new U.S. mid-continent oilfields, and the proliferation of Henry Ford's innovative Model T automobile. Following the successful enforcement of anti-trust laws, Platt shifted his focus from the activities of "Big Oil" to those of "Big Government," which he viewed as a threat to freedom in the industry.

¹ The publications founded by Warren Platt were known throughout the 20th century as "Platt's." In 2000, Platt's dropped its apostrophe and became just "Platts." But for the sake of consistency in this historical narrative, "Platts" is used throughout unless referring to Warren Platt himself.

² The focus of *National Petroleum News* changed over the decades, moving towards providing comprehensive coverage of the retail petroleum industry. This increasingly didn't fit with the rest of the growing Platts portfolio and the publication was eventually spun off in the early 1980s. Today, *National Petroleum News* exists as a retail-oriented publication owned by M2Media360.

World War I Increases Need for Prices and News

In **1917**, with the U.S. entry into World War I, there was a pressing demand for more data on petroleum products, markets and prices at more frequent intervals. *National Petroleum News* became a weekly news magazine with an expanded price information section. The appetite for price information continued to grow and in **1923**, **Platt launched *Platts Oilgram***, a mimeographed two-page newsletter mailed to subscribers the same day it was produced and devoted entirely to price and market information. To address multiple publishing points and underscore its headquarters' move to Tulsa, Oklahoma, Platt set up the separate W.C. Platt Co. to publish *Platts Oilgram* (later known as *Platts Oilgram Price Service*).

Platt had moved the headquarters mid-continent to Tulsa, then known as the “oil capitol of the world,” to be at the industry’s epicenter and atop one of the United State’s largest oil reserves – the U.S. Permian Basin, which stretches across Oklahoma and Texas. The daily was now printed and mailed for overnight delivery not only from Tulsa, but also from Cleveland and later Chicago and New York. Platt was now fully serving energy information needs with timely delivery throughout the Northeast, Midwest and Southwest United States.

Platts Oilgram Price Service rose to global prominence in 1928, when the three world giants at the time – Standard Oil of New Jersey, Royal Dutch Shell and Anglo-Persian Oil – based an oil transaction agreement on a “Gulf-Plus” formula, utilizing the U.S. Gulf Coast oil price as published in *Platts Oilgram Price Service*, and adding a cost-of-freight component. This *Platts Oilgram*-based pricing reference established Platts published prices as benchmark quality for oil business contracts.

Platts daily newsletter delivery was so successful, subscriber appetite continued to expand. In answer to the demand for more news, on June 7, **1933**, **Platt introduced a “Special News Bulletin”** as a weekly and later daily, supplement to the *Oilgram Price Service*. By **1934**, the bulletin attracted a new audience for whom price and market information was of less interest than broader-scope industry (and later, regulatory) news, so Platt **split the *Oilgram* into two separate publications** – *Oilgram Price Service* and *Oilgram News Service*. That same year, he established news bureaus in Washington, D.C., and Houston, and broadened his editorial focus with the publication of a monthly magazine dedicated to rules and regulations affecting the oil industry.

Warren Platt and the McGraws

Platt’s cordial relations over the years with James McGraw – who had long been associated with another energy industry publication, *Power Magazine* – led to **McGraw-Hill’s acquisition in 1953**, under Curtis McGraw, of W.C. Platt Co. (*Oilgram News Service*), Platt’s Price Service Inc. (Price Service), and the entire equity of National Petroleum Publishing Company and the magazine *National Petroleum News* (which had operated separately from the Oilgram services). As a result of the acquisition, the headquarters moved from Tulsa to New York City.

In **1954**, McGraw-Hill (the newly acquired “Platts”) **set out to re-invent *National Petroleum News***, re-launching it as a new all-industry weekly magazine, *Oilgram Week*. The initiative failed, but was replaced in **1955** by the successful *Petroleum Week*, **a producer-oriented news weekly distinguished** from other U.S. petroleum trade publications **by its international emphasis**. Its timing advantageously coincided with the Suez War, the first three Arab Petroleum Congresses, and the creation of the Organization of Petroleum Exporting Companies

(OPEC), which *Petroleum Week* and *Oilgram News* had predicted two years earlier. The magazine was later retired in favor of the timely, more frequent Platts publications.

From Domestic to International Leadership

Under Halsey Peckworth, named editor-in-chief of *Oilgram Price Service* in 1958, Platts gained and consolidated the global reputation it has maintained to this day. In **1960**, he **introduced the Channel Port Index**, a price index created for major petroleum products at English Channel ports, in a move to open the European markets to transparency in oil price information. This attracted attention worldwide. Platts, in **1966**, replaced The Channel Port Index with the **European Bulk Rotterdam barge and cargo quotations**, highlighting a delivery point at the site of one of the world's largest refining clusters at the mouth of the River Rhine.

As the 1960s gave way to the **1970s**, oil traders were using telex machines to communicate their transaction confirmations. Platts followed suit **and began delivering telex-delivered daily reports** – the *Marketscans* – to supplement its print newsletters. The *Marketscans* were a precursor to the newswires to come, including *Platts Crude Oil Marketwire* in 1983. From around 1958 to 1970, while oil prices fluctuated closely around \$3.00 per barrel, news and price information delivered on a daily basis through telex met the industry's needs. After the Arab Oil Embargo began in 1973, price volatility and a jump in oil to more than \$12 per barrel awakened a need for even faster information delivery – intra-day. But a period of price controls ensued and not until the controls were lifted in 1979 was the stage set for development of a truly global oil marketplace where supplies were priced through open market forces on a real-time basis.

As the IBM personal computer made its debut in 1981, a vision of delivering energy information to screen-size pages throughout the day led to the idea of *Platts Global Alert*. Platts launched its **first real-time news and market information screen service in 1984 and distributed it in Europe and Asia by 1986**. But, in between, Platts began selling market and news information on McGraw-Hill's new mainframe-based dial-up news system called EMIS – Electronic Market Information Service, an early internet integrator.

In the 1970s and '80s, as commodities interest expanded, Platts leveraged its long experience in oil price assessments and information reporting to expand beyond traditional energy commodities. The **company branched into petrochemicals** with *European Petrochemicalscan* in **1975** and later introduced a screen service *Petrochemical Alert* in **1987**. And in **1989** Platts took control of *Metals Week*, **moving for the first time into a non-hydrocarbon commodity**. The **screen service *Metals Alert* soon followed in 1994**. In **1992**, Platts **launched prices for recycled U.S. aluminum alloys** used in under-the-hood car parts. A year later, McGraw-Hill reorganized its metals group, begun in 1930, to be part of Platts.

In the **1990s**, Platts **expanded its power offering**, with European power services, including *European Power Alert*, a real-time information service for European natural gas and electricity markets. Platts also looked beyond its own delivery platforms and, in **1995**, **adopted an “open delivery” approach to distributing its news and information**. For the first time, Platts' content was available through such platforms as Reuters, Bloomberg, GlobalView and Sungard.

In late **1999**, McGraw-Hill **combined Energy and Business Newsletters** -- its division for publications covering electricity, natural gas, nuclear power and coal --**into Platts**, creating a single business unit covering the entire spectrum of energy commodities and industries. The combination brought more than a dozen well-established newsletters into the Platts' fold

including among others, *Electric Utility Week*, *Nucleonics Week*, *Inside FERC* and *Inside Energy*.

In **1992**, as a pioneer of price assessment methodologies, Platts addressed the cross-currents of the oil market's evolution and that of market instrument sophistication and **introduced Platts' Market-On-Close (MOC) price assessment methodology**, which was adopted first in Asia and later, in European and U.S. crude oil (WTI, Dated Brent, Dubai, Oman) and products markets. MOC is a structured assessment process that provides the most transparent view of price discovery available in any world marketplace. Based on the principle that price is a function of time, MOC provides an end-of-day market value that facilitates easy cross-commodity comparisons and mark-to-market accounting activities.

By the end of the decade, Platts had 14 offices worldwide, including Tokyo, Hong Kong, Singapore, Dubai, London, New York, Washington, D.C. and Houston, and employed a staff of 300.

The '0s and Globalization

In 2000, Platt's dropped its apostrophe and became Platts.

As the new millennium arrived, Platts' position as a global energy and metals information powerhouse continued to strengthen. In **2001**, Platts **acquired the Financial Times Energy (FTE)** group from the *Financial Times* and the United Kingdom's Pearson PLC. The acquisition consolidated Platts' position as the leading information provider for the North American and European electricity, natural gas and coal industries, and extended Platts' range of information solutions to include such newsletters as *Megawatt Daily*, *Gas Daily*, *Coal Outlook* and *Power in Europe*. As global market volatility and investor sophistication heightened interest in commodities, risk management tools flourished. Platts **introduced forward curves** to its portfolio of news and information solutions.

As part of the Financial Times Energy (FTE) acquisition, Platts also gained the two-year-old **Global Energy Awards**, an industry recognition program honoring excellence in innovation, technology, and other performance categories. Under Platts' ownership, the awards event grew to become the industry's premier annual event, commonly referred to as the "Academy Awards" or "Oscars" of energy and attracting nearly 600 energy executives from around the world. Not only did the industry recognize Platts as "the" quality standard for benchmark price assessments and industry news and information, the Global Energy Awards earned Platts the reputation as setting the standard for industry business and innovation performance.

In **2004**, Platts' **presence in China and Russia grew**. Platts opened representative offices in Moscow and Guangzhou, in the heart of China's fuel oil markets. Soon thereafter, Platts began providing local-language energy and metals information services in both markets. By **2008**, through collaboration with Russian News Agency Interfax and with the launch of *EnergScan-Interfax & Platts*, Platts had expanded its Russian-language offering to include a full-spectrum energy news and price assessment weekly. In China, Platts had grown to add a representative office in Beijing, close to the nation's energy policy makers.

That same year, Platts also acquired the energy conference business of the Center for Business Intelligence (CBI) Research and grew the offering to more than **50 industry-focused conferences** annually by 2009.

To meet the needs of the rapidly growing business of global trade in liquefied natural gas (LNG), Platts launched *LNG Daily* in **2005** and later in **2009** introduced one of the sector's first **customizable LNG news and transportation-tracking services** – *Platts LNG TraderNet*. This product is part of a larger strategy which will expand over the coming years to provide customers in many other energy markets with more flexible real-time information and tools via the Web.

In 2005, Platts also turned its attentions to **carbon emissions** coverage with a newsletter, *Emissions Daily* (the first of several carbon offerings to come), as the topic of climate change took center stage in global political arenas.

Another commodity in the limelight during the decade was steel. Increasingly, the business and financial communities were looking to steel as an indicator of global economic growth, construction activity, and as a leading indicator of inflation. To serve the growing need for timelier price information, Platts introduced the world's first-ever independent source of **daily price assessments in steel** via its new *Steel Markets Daily*. Market coverage and price assessments in iron ore, a feedstock to the production of steel, soon followed.

By 2009, Platts' employees had grown to 600 in 17 offices on five continents. Platts now served customers in more than 150 countries, deriving half of its business from international activities.

Promoting Transparency in Markets, Efficiencies, Solutions

Beginning in 1999, the energy markets experienced one of the most volatile periods in history. The per-barrel price of oil gyrated from about \$13 per barrel in 1999 to nearly \$150 in 2008, and back to the \$30- to \$40-per barrel range in 2009. Industry and governments debated not only climate change, but "peak oil," energy sustainability and renewable resources. During periods of both relative price stability and great volatility, Platts has remained – as it was in the early 1900s – one of the leading go-to sources of information about the energy markets. And, today, it has also become a leading information source on the metals markets for industry, governments, regulators, risk managers, market observers, and the media.

Platts, **celebrating its 100th anniversary** in **2009**, remains committed to advancing transparency in commodity markets by providing timely news, supply/demand fundamentals, price assessments, insight and analysis, and other information vital to the understanding of markets and the price discovery process. Platts also remains committed to providing commodity information solutions and analytical tools that will help its clients make sound trading and business decisions throughout the 21st century.