Eugene firm leads optimization market

On Time Systems designs software aimed at saving time and money for a number of different industries

With money tight and competition from around the globe increasing, companies are looking for an edge. Some think they have found it in “optimization,” with sophisticated computer programs that use algorithms - or step-by-step problem-solving procedures - to find the best solution for a problem out of trillions of possibilities.

Such technology can, for example, help the United Parcel Service determine fuel-saving routes for its delivery vehicles, or the U.S. Navy build ships more efficiently.

Optimization holds vast potential for businesses that are trying to do more with less and that want to boost revenues without having to make huge capital investments.

A young Eugene company is positioning itself squarely in the middle of this emerging market.

“Everybody is being pushed to operate at the margins, and that’s our space,” said Matt Ginsberg, CEO of On Time Systems, a 17- employee firm based in the Riverfront Research Park, near the University of Oregon campus in Eugene.

“We’re better at squeezing stuff out of there than anybody else.”

Ginsberg and David Etherington founded the company in 1998, as a spinoff of the UO’s Computational Intelligence Research Laboratory.

Although On Time Systems hasn’t been involved in UPS’ effort to streamline drivers’ routes, it has been busy figuring out how its software can save time and money for a range of industries.

On Time Systems’ core work has been developing a fuel-saving routing program for U.S. Air Force noncombat flights and a cost-saving system that schedules ship-building work for the U.S. Navy.

Earlier this month, the company won a $1.43 million contract with the U.S. Navy to study potential cost savings of using its scheduling software at repair yards.

Under its contracts with these government agencies, On Time Systems retains ownership of the technology it creates.

So now, the company is actively seeking commercial applications of its technology.

In a step toward that goal, On Time Systems in May hired Steve Teglovic as company president.

Teglovic, who is based in Seattle, helped found and later sold iShip.com, an Internet-based shipping service. Before starting his dot-com, Teglovic was general manager of a UPS subsidiary.

"On Time Systems is a company with an awful lot of potential," Teglovic said.

"I think optimization or looking at the margin of most of these businesses will become a real focus of lots of these industries," he said.

To raise money to finance the search for commercial customers, On Time Systems is selectively approaching investors "and having some success," Teglovic said.

Ginsberg and Etherington own a substantial majority of the company, and the rest is owned by an early stage investor, along with current and previous employees, Ginsberg said.
One of the biggest challenges for Teglovic is deciding which potential customers to approach first, because On Time Systems technology could be used by so many businesses, he said.

The scheduling technology could boost TV stations' revenues 3 percent to 5 percent, for example, he said, through optimal placement of ads. Advertisers are willing to pay more for specific slots during specific shows.

"When you optimize, you get a nice revenue bump," Teglovic said.

On Time Systems also is working to develop the next generation of routing and scheduling technology for the U.S. Air Force, which should be ready to spin out to commercial carriers in a couple of years, Teglovic said.

The new technology will take into account even more variables, such as spaces available for planes at various airfields around the world, the maximum number of planes allowed in air space, and cost comparisons of fueling up at different locations, Teglovic said.

Operators of large commercial fleets such as UPS, FedEx, and Alaska Air will be interested in this technology, he said.

What sets On Time Systems apart from its competitors is the firm's ability to tackle extremely complex problems, Teglovic said.

"Most people looking at these problems figure that they're not solvable," he said.

"If you think of 10 to the 12th, that's a trillion," Teglovic said. "Any problem with a trillion can be solved. On Time Systems' ship-building software has 10 to the 82,000th decisions. That's the kind of problem that we solve."

- Sherri Buri McDonald

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Abstract (Document Summary)

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