The Challenge

The metals and steel industries are now truly global with complex and diverse supply chain processes. Business activities each with a unique set of challenges vary depending upon where in the supply chain your business resides, from raw material producers, smelters and refiners, merchants and traders through consumers like automotive and construction.

Managing costs, including secondary costs, and cash flows in the purchase and sale of physical metal is vital for bottom line success. Many companies rely on spreadsheets and disparate legacy systems, which cause blind spots and inefficiencies in capturing and processing transactions through to settlement.

With the emergence of new factors influencing market prices, it is wise to incorporate market data sources into decision support analytics; many exchanges are now publishing prices and indices for metals and steel. The value of marked to market positions can vary with geography and time. Accurate and timely confirmation and invoicing processes are vital for efficient operations and ensuring cash flows are maintained.

Hedging and risk strategies are emerging due to changing steel market dynamics which include deals moving from fixed price, long-term contracts to short-term contracts based on spot or index-based and average prices.

Solution Overview: AspectCTRM For Metals & Steel Markets

AspectCTRM is the only Web-based trade and risk management solution. It’s an affordable option for small to mid-size companies – and because of its ability to scale and deploy swiftly – is also used by some of the largest companies in the world.

AspectCTRM offers the ability to model your business including purchases and sales, forecast P&L and cash flows, run “What-if Scenario Analysis” in real time, and see the effects of changes in market prices, alternative sources and associated secondary costs.

- Model exposure by various factors including material, supplier, country, currency and customer to manage credit risk and cash flow scenarios.
- Produce fast action intraday & closing reports: No other system produces reports in seconds.
- Monitor the value of marked-to-market and cash positions simultaneously with market fluctuations, and as deals are entered and updated. This empowering capability is surprisingly still out of reach for many companies using older technology or spreadsheets.
- Display professional trade management tools, audit trails and documentation to secure lines of credit.
- Produce accurate, partial or final invoices, reconcile actual payments received against forecast, as well as positions against broker statements.

Another key distinction is that only Aspect Enterprise Solutions (AES) has an integrated market data and analytics portal on the same platform, making it the most comprehensive trade and risk management solution available. AspectDSC distributes price assessments, analysis and breaking news for trading steel products, base and precious metals from a variety of sources including Platts, London Metal Exchange and Dow Jones.
AspectCTRM’s Trade Capture Module is the world’s leading solution for real-time decision support analytics and reports. This powerful application utilizes On-Line Analytical Processing (OLAP) technology to enable ‘slice and dice’ reporting for quick data analysis that allows you to see your P&L reports and trade scenarios from just about any view. Manage hundreds of thousands of transactions from deal entry through back-office settlement, and remove duplicate data entry. This module captures physical and paper transactions; integrates and streams pricing and analytical information; generates dynamic real-time position management and profit and loss calculations; creates instant marked-to-market computations for multiple markets, pricing instruments, products, and much more. Additionally, drastically reduce the time it takes to produce intraday and closing reports to seconds rather than hours or days.

AspectCTRM’s Trade Capture Module

Key Processes Supported Include:
- Comprehensive Deal & Price Capture
- Real Time And Historical Profit & Loss Tracking
- Real-Time Market, Credit Exposure
- Options Tracking
- Greeks Calculations
- Broker Statement Reconciliation & Automatic Import
- Inventory Valuation: Marked-To-Market Storage & In-Transit
- Contract & Credit Management
- Secondary Costs Fully Incorporated
- Confirms & Affirms
- Invoices

Cash Flow Management

Today credit and cash flow management are more vital than ever. With tightening margins and reduced credit lines it is vital to optimize working capital and manage cash flows. AspectCTRM allows you to see in real time both costs of purchases and processing, along with forecast sales revenue to provide a full financial picture of your business. This includes all secondary costs.

With the uncertainty in supply and demand, the ability to monitor your business clearly and accurately has never been more important. Changes in any element can be modeled and the effects forecast; for example if a supplier cannot deliver, you can consider alternative sources with the associated secondary costs and thus make intelligent decisions to mitigate the potential negative effects on your P&L. AspectCTRM provides a list of standard secondary cost items, which can be expanded, including: agency, bank charges, brokerage, warehousing, commissions, freight, demurrage, inspection, insurance and lightering.

Scenario Modeling

Companies are changing the way they price products and view exposure. Even back to back contracts with Just-In-Time delivery can produce unplanned and unwanted exposures, particularly if any step in the supply chain fails. High price volatility, fluctuations in foreign exchange rates, changes in supply and demand can all undermine the best planned trade scenario.

AspectCTRM helps you understand the risks your company is exposed to today and how to control them within the risk profile of your company. Run multiple scenarios easily and quickly which show the effects of changes in prices, secondary costs, failures in supply or drops in demand. The ability to demonstrate clarity and control of business in this way is becoming a standard expectation of finance houses, creditors and counterparties in this uncertain world.

The emergence of a variety of hedging instruments gives you the option of managing your exposure through simple or complex hedging techniques. AspectCTRM addresses a multitude of risks including: price, volume, volatility, quality, delivery counter party, credit and multi-currency, with a full spectrum of physical and financial tools. As data is entered into AspectCTRM management it is able to perform instant analysis and monitor both individual portfolios and exposure across the organization.

AspectCTRM features several comprehensive functions:

- **Report Builder**: Aspect is deployed with a series of pre-built reports depending on the edition. For more customized reports, Aspect can build them for you, or train your staff to easily do it.

- **OLAP Slice & Dice Reporting**: Manipulate and analyze large amounts of data, quickly and from multiple perspectives to obtain the business information you need from the comprehensive universe of data.

- **Security Module**: Securely define and control user and roles based parameters.

- **Alerts**: Set sophisticated warnings and limits to notify trading and operations teams of important thresholds, by MTM P&L, exposure, counterpart, loss or profit, VaR, etc.

- **Bookmarks**: Bookmark reports for single click previews later.

- **XML Integration**: Upload & download data (trades, costs, nodes, prices) in XML format via the user interface (UI) or Web services interface.
The Financial Operations Management Module of AspectCTRM allows you to gain insight into movements, payments and costs associated with operating your business and interacting with counterparties. Easily automate the matching of incoming and outgoing invoices against costs; allocate volume reports with required logistics declarations; create instant visual alerts when problems occur, and more. Access all required tax, transportation, storage fees, costs, bank credit lines, letters of credit and indemnity from a centralized database for accurate settlement.

This component Integrates with SAP, JD Edwards, Oracle and QuickBooks or other accounting packages so all your deal data integrates with your accounting systems giving you the option of generating invoices in AspectCTRM or through your existing accounting system with no manual re-entry of data required.

Administrative functions allow effective management in the back-office to maximize cash flow through detailed reporting and improved financial planning. Create and monitor planned and actualized cash flow reports which show deviations to help you improve capital usage. Set workflow parameters and automatic alerts to align with business processes and provide visibility and audit trails for management reporting.

System of Record for OTC LME Look-alike Trades

Many London Metal Exchange (LME) brokers manage over-the-counter (OTC) trades in spreadsheets and disparate homegrown systems. Trades submitted to the LME must be in a clearable currency, of a good date, in an Exchange traded commodity, and have a valid price. From time to time LME Brokers can handle trades which may not conform to such criteria. Such OTC trades can be managed by AspectCTRM until such time as they are either traded out, rolled off or can be transferred to your main ETD processing system. Many traditional systems were built for larger volume, standard contracts — and are not sufficiently flexible to handle non-LME standard trades. This OTC derivatives market is supported by AspectCTRM, giving you the tools you need to manage trades in a professional system of record. AspectCTRM is built in modern technology with easy integration tools to seamlessly incorporate your OTC trading activities into corporate MIS reporting and other systems as required.

Meeting The Demands Of Changing Steel Markets

As the world of steel markets is changing, you can no longer rely on guesswork, intuition, gut-feel or years of past experience to make optimal trading and supply decisions. Long-term fixed price contracts are being replaced with shorter term contracts priced off spot and average prices from a variety of sources.

With upstream costs impacting downstream prices and the emergence of investment companies speculating in the steel markets, steel prices are now more volatile than ever. With shorter contracts and more volatile pricing — integrated marketing and business management tools are necessary to maintain visibility and control of your financial workflows. AspectCTRM gives you the tools to manage your steel trades and global workflow to understand your positions and exposures from trade capture through to settlement.

Get Visibility On Upstream Prices, Processing & Secondary Costs And Understand The Impact On Downstream Prices And Availability.

The price and availability of raw materials such as iron ore, coking coal, ferro-alloys, and scrap impact downstream products pricing and profitability. AspectCTRM gives you visibility of your positions and exposure in the market so you can make the best buy/sell decisions for semi-finished and finished steel, and refined base metals products.
Trusted by more than 500 companies with thousands of users in 93 countries, and counting…

The Advantage Is In Our Technology: SaaS, On-Demand, Cloud Computing… Whatever You Call It – Our Customers Have Called It “Cost-Effective & Powerful” For More Than 10 Years.

While the terms to describe Web-based solutions have changed throughout the years, one thing holds true: The advantages are unrivaled by traditional software, especially in today’s world where budgets are tight and total cost-of-ownership and ROI are critical.

Web-based means you have instant access to the full range of functionality from your Web browser. There are no long, costly installations or expensive servers and databases to buy and support. Rapid deployment is provided by AES out of the box, with customized configurations depending on the complexity of your requirements. Our solutions scale from single users to thousands at multiple locations across global businesses, all backed up with professional support, maintenance and disaster recovery built into the solution. No longer is a professional solution out of reach for smaller companies. Your capital can now be invested into the business, and not tied up in expensive, risky implementation projects with traditional vendors.

Smart, Flexible, Module Applications

The AES Enterprise is fully scalable, integrates with your existing systems and grows in-step with your business. Our solutions are developed as components allowing companies to incrementally integrate solutions as challenges arise, add new functionality as needed, and maintain investments in current systems.

About AES

Aspect Enterprise Solutions (AES) is the leading global provider of Web-based commodity trading, risk management and data management applications. We offer the only integrated, all-in-one platform delivered through Software-as-a-Service (SaaS) deployment which enables rapid deployment, controlled costs and immediate ROI. All AES solutions are accessible via the same online password providing seamless, user-friendly collaboration for global teams. AES clients produce, refine, market, ship and trade globally and rely on our expertise in these key physical and financial markets: Oil, Metals, Steel, Coal, Marine Fuels, Biofuels, Freight, Natural Gas, Emissions and Agriculture/Softs.

Other products on the same platform as AspectCTRM include, AspectDSC our decision support center for traders, end users and market watchers offering oil, metals and agricultural market news, prices, futures and analytical tools on desktops and mobile devices including iPhone®, iPad® and BlackBerry®. Aspect PM is our Price Manager solution which provides consolidation and support for the global oil price forecasting process and forward curve management.