

Cloud Solutions

... for Commodity Traders/Managers

Award winning CTRM specialists, Aspect Enterprise Solutions, have perfected the Cloud/SaaS Model and the benefits it provides for commodity traders, risk managers and operations specialists. CEO Steve Hughes speaks to editor Guy Isherwood about reaching the next level of maturity.

Guy Isherwood [GI]: How has the CTRM selection process altered / evolved?

Steve Hughes [SH]: Selecting a CTRM system has always been a very difficult, costly and risky process. Over the years, the process has evolved to make it less so. For example, there are companies like Aspect offering free trials for a system – unheard of in the past. Also, the implementation of such complex systems has evolved and improved, reducing the risks and costs for clients. Implementations are now more streamlined, simple, and often very quick.

Where Aspect are different than the rest of the CTRM market is in the Cloud/SaaS Model and the benefits it provides. The SaaS model offering has further reduced the IT costs and complexity of CTRM systems. Also, because of SaaS for CTRM, more mid-market companies are able to replace spreadsheets and home-grown systems because they're affordable, unlike software/hardware solutions.



Commodity Business Awards, Winners 2013: Excellence in CTRM Technology

We're seeing a lot of activity in the market as traders with legacy systems shop for next-generation replacements. As our recent deals show, our architecture lets trading houses quickly equip from tens to hundreds of users, all for a monthly per-user subscription. All they need to provide workers with is a browser and an Internet connection. There

Software-as-a-Service (SaaS) is software solutions delivered as a service on the Web. These solutions are enabled by Cloud Computing. Cloud computing is Internet-based computing where shared services, resources and software are provided on-demand.

There's no software to load or hardware to host or maintain for the client. Users access their applications on the Web from anywhere.

is no need for additional software on existing client devices, no further investment in hardware, and no consequential support costs at the desktop. As our order book shows, these are deal-winning features.

A few years back, all CTRM systems would typically take 1.5-2 years to be implemented. Implementation is a complex process involving teamwork from customers and vendor consultants.

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It's often a complex project that needs to be carefully planned and managed by experienced project staff. However, with SaaS and product offering in the market for CTRM, the implementation can be very simple and straightforward.

Our Cloud CTRM system can be implemented in a few weeks and users can effectively start using the system immediately. Complexity means long implementations and increasing costs. This is unacceptable to most new entrants into the traditional world of CTRM solutions. The future is in 'packaged services' with a well-defined package of implementation services that implement an out-of-the-box solution in a short space of time; 1 week for the AspectCTRM Lite Edition, 2 months for the Standard Edition (depending on the complexity of the deployment and integration). Customers don't need to do anything when we undertake upgrades. The upgraded code is uploaded over a weekend window, so when a customer logs in on Monday they starts using the upgraded version then and there. We were browser based, multi-tenanted (shared hardware) from day 1.

And no other E/CTRM company is as transparent with prices – see our published prices on our

website. We often compare our offering with 'traditional' licenses offered by our competitors. For example, if a vendor of a traditional ETRM software running on MS Windows Server / SQL Server quotes a \$300,000 license; one needs to understand that total cost of ownership over three years can easily

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be twice as much. It will include the price of server hardware and maintenance, the operating system and database software, the ETRM software maintenance, as well as the salary of an IT person who will look after software and hardware. We truly are less expensive; more cost-effective. In the short term this delivery model is more affordable; and it's also competitive over time.

deploying our solution, they were hesitant, and we had to do a lot of explaining about how secure the data would be. Even though business was being done on the Web around the world, companies were not using SaaS/Cloud solutions (with the exception of some human resources software). Today, when you speak to a larger company, with a large IT staff – they do have SaaS/Cloud solutions throughout their business, which has paved the way for trading and risk solutions. They're realising that by taking IT staff off managing solutions like ours, they can put their staff on other projects – and trust their trade and risk business to companies like ours.

Smaller companies often do not have IT teams and could never afford a traditional ETRM system. Now they can with a subscription price, no risk or capital costs. They leave the maintenance to us. No servers, no maintenance, no team to maintain it. It's the only way they'll ever get trade and risk tools. And key technology analyst firm Gartner confirms this upwards trend for SaaS/Cloud. We have worked with Gartner to confirm our message, as well.

According to Gartner, “Increasingly, hosted or SaaS-based solutions are gaining favour among end users as a means of reducing capital costs, deployment times and support overheads. While traditionally these solutions were preferred options for smaller end users or end users with limited functional requirements, as the functional capabilities of SaaS – or application service provider (ASP)-based deployments grow, the appeal to larger organisations will widen.”

[GI]: Is this the end for spreadsheets in CTRM applications or do they still have a use for some functions?

[SH]: We don't think so. There will always be companies that will prefer to use spreadsheets. Traders love them, and even with systems deployed internally to pull traders away from their spreadsheets, they still want to use them. It's habit. However, as more companies move away from spreadsheets (with new traders coming into the market) they will be trained on systems which will become the familiar choice. The Cloud has made it possible for more companies to move away from spreadsheets due to the more affordable cost structure. So those companies who thought spreadsheets were their only alternative for managing their trades, now have a professional solution they can rely on that has the same functionality used by the largest trading companies in the world. Also, some of our customers will still use spreadsheets and upload them into AspectCTRM to get the data shared and usable by each department in an accurate, transparent and collaborative environment.

[GI]: Do you expect to see a rise in the use of cloud-based and SaaS applications?

[SH]: Yes. In every industry this is the case. Six years ago when we spoke to larger companies about



[GI]: Are there significant differences between the requirements of large, diversified commodity players vs their smaller focussed counterparts?

[SH]: Large companies are likely to:

- Trade a more diversified range of commodities, products, and in geographical locations.
- Users will be assigned more defined roles and specific roles and responsibilities:
 - Greater security settings.
 - Additional process flows between user groups to warn others of changes.
 - More complex setup and potential requirement to capture more information at different points.
 - Additional custom reporting for user groups.
- Integration with ERP and other third party applications.

Small companies likely to:

- Trade more niche business – specific product grade/region.
- Fewer users who have greater responsibilities within the organisation.

And this is true amongst our customers, who are the largest in the world (TNK-BP, Trafigura) and the smallest (Linetrade, Chase).

[GI]: Commodity companies want ease of systems integration, user friendliness and rich functionality. What sets your product offering apart from the competition?

[SH]: Here are the fundamentals:

- Ability to easily upload data via standard XML channels or excel adaptors.
 - Standard list available to import all trade types and reference data.
 - Excel adaptors already written to import paper trades from the majority of the big brokers and exchanges.
 - Excel adaptors available to import all trade types and reference data.
- Simple, easy to use, fully documented custom reporting language that allows users to quickly create excel adaptors, workbenches and reports without the requirement for Aspect developers to code in JAVA which takes time to release.
- Integration channels are accessed from anywhere.

[GI]: How have you expanded your systems' capabilities and what initiatives do you have in the pipeline?

[SH]: Aspect continues to build out features and functionality related to logistics. Last year saw improvements in support for operations, cargo shipments, railcars, and for the US pipeline management. Dodd-Frank reporting will go live this year.

Aspect is reaching the next level of maturity as a SaaS provider. We've been working on speeding implementations even faster. It is already possible to get a basic set up in one week. Through AEsthetics Aspect is developing tool packs with standard reports and at the same time improving the configurability of the system. Integration with the customers' internal applications is achieved through web services. Aspect builds adaptors to integrate with spreadsheets for various clients within a few days, as many users also require this functionality. This is something no other vendor in the market provides.

Being a SaaS provider means focusing on scalability since multiple entities use the same platform. Aspect's product is built on top of a proprietary "No SQL" in-memory object database and a transaction engine, which are designed to match its combination of OLTP and OLAP capabilities. The application uses caching of calculation results and underlying data in the "in-memory database", and synchronous clustering to allow parallel processing of data.

[GI]: What other new product areas / offerings are you engaged in?

[SH]: This isn't new, but it's a clear differentiator in the market: Market data & analytical tools in our AspectDSC online portal. It's where traders get their data and use charting and advanced Excel tools. It's available on mobile devices, tablets and desktops. Global traders get NYMEX, ICE, Platts, Dow Jones, CBOT, Argus and other real-time and historical commodities data to support trade decisions. It's on the same platform as AspectCTRM, which no other vendor on the market has. By having market data on the same platform, a push of a button uploads prices to mark trades in AspectCTRM. It's an integrated market data and trade, risk and operations management platform.

[GI]: What are your customers asking for?

[SH]: Multi-commodity support – moving from ETRM to CTRM. Even customers trading energy need a CTRM system these days instead of just ETRM system as most energy trading companies trade in other related commodities such as biofuels and coal.

[GI]: How do you view the traditional CTRM license and maintenance model vs SaaS deployment? How does Aspect differ in this respect?

[SH]: Traditional license and maintenance models have their place as there are still organisations that refuse to have any of their applications (not just CTRM) in the Cloud. The perceived advantages are few and often unfounded – just as the objections

to Cloud are often irrational. The principle two objections are security and disaster recovery. However, most cloud companies handle system security and disaster recovery to a level not possible by the vast majority of user organisations. Security and disaster recovery are core values in cloud-based vendors and their expertise in this area is usually significantly better than user organisations.

Aspect uses the latest technologies and as we say to any client that raises the issue of security, *“You, like millions of others, use Internet banking for your personal and business banking with great confidence. No-one objects. Why? Because it is secure. Aspect uses similarly robust technologies within its cloud solutions”*.

“... cloud is not a religion at Aspect and we have a wide range of deployment options ...”

Beyond this, the arguments in favour of cloud computing are compelling – no hardware to buy and maintain, no underlying software to buy and maintain and you don’t have to employ specialist IT resources to look after all of these mission-critical components. All these things represent unnecessary cost and many of them fall into the capital expenditure budget, rather than the operating expense line, making purchase decisions simpler and cash management more effective. The cloud is generally more secure and reliable and, should things go wrong, cloud companies have a reputation

of recovering full operations very quickly.

Outages at Aspect are rare, but they do happen. The most important thing is that the majority of our outages are ‘invisible’ to our cloud customers – the system recovers before they notice a problem. This is because we, like other cloud companies, are expert in the art of recovery. The other key benefit is the frequency at which customers receive upgrades to their CTRM solution. Some of our products enjoy up to 26 upgrades per year, every 2 weeks. New developments funded by customer ‘A’ are made available to all other customers very quickly usually at no additional cost. This is generally not available with traditional licence and maintenance models.

In closing, let me be clear; Aspect has a strong preference for cloud deployment because it gives the customer a better solution at lower cost with very short implementation cycles, providing us with a real commercial advantage versus our competitors, none of whom offer true cloud solutions – don’t let a managed service or similar arrangement be confused with cloud delivery, they are like chalk and cheese!

However, cloud is not a religion at Aspect and we have a wide range of deployment options from on-premise, client managed arrangements, through on-premises, Aspect manages arrangements right through to a full cloud deployment. Over 95% of our customers opt for the latter and the forward trend raises this higher still. ●

Aspect Enterprise Solutions specialises in providing SaaS solutions in the Cloud to companies trading in crude oil, petroleum products, metals, biofuels, coal and agriculture covering deal capture, P&L and risk management, logistics and storage and settlement.

Published prices for Aspect products: www.aspectenterprise.com/solutions/editions_pricing.php

www.aspectenterprise.com

Everything Under The ...Is Yours In The Cloud

Multi-commodity Cloud Solutions by Aspect provide trading companies everything needed to compete today, and tomorrow. Simplify and streamline your business teams with our integration-ready CTRM platform for shared global data and processes. Choose your market data and functionality, and we'll configure it in just a few weeks to meet your front, middle and back-office requirements. Aspect's award-winning solutions are built for modern, real-time performance without the risks and costs associated with older software and technology. There's no software or hardware in the Cloud for you to buy, so implementations and upgrades are seamless and don't require lengthy on-site consultant work or fees. Aspect manages everything securely online.

What more could you ask for?

Join our more than 500 clients and thousands of users in 90 countries, including some of the largest and smallest trading and supply firms in the world.

Intelligent Trade In The Cloud

Market Data
Trade Management
Risk Management
Physical Operations
Financial Operations



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