

EnergyRisk

ASIA

AWARDS

2015



**Technology Firm
of the Year**

Aspect 
15 YEARS IN CLOUD CTRM

Aspect Enterprise Solutions

Technology Firm of the Year



Technology Firm of the Year

The past 18 months have seen lower and more volatile commodity prices across the board – partly, a result of weakening demand from Asian countries. Throughout the region, this has generated increased interest in risk management and caused some commodity trading firms to reassess their commodity trading and risk management (CTRM) systems. That has provided opportunities for companies such as Aspect Enterprise Solutions, a London-based vendor of cloud-based CTRM systems.

Aspect targets medium-sized and smaller commodity traders, and its client base in Asia is skewed towards physical traders that are currently benefiting from increased market volatility, says chief executive Steve Hughes. “Most trading companies need volatility for their arbitrage strategies to work and so the current conditions are good for them,” he says, citing Japanese commodity trading houses as one example. “These types of firm are really where our sweet spot is.”

In the year-to-date, the firm’s AspectCTRM software suite gained three new Asian clients, while a number of others extended their existing contracts. The largest deal was with a Japanese commodity trading house, which opted to use AspectCTRM across its oil, base and precious metals trading businesses. Another new customer was Tokyo-based Gyxis, a liquefied petroleum gas (LPG) trader, which was formed in April through the merger of the wholesale LPG businesses of Japanese refiners Cosmo Oil, Showa Shell Sekiyu and TonenGeneral Sekiyu, along with trading house Sumitomo. Gyxis implemented AspectCTRM to manage its physical trading and hedging in Asia and the US. Although the firm declined to



Steve Hughes

comment publicly, it is understood to be happy with the results.

Another important deal occurred in February, when Japanese commodity trader Mitsubishi expanded its contract, becoming one of Aspect’s biggest customers. The trader had previously used AspectCTRM for its physical crude oil operations, but opted to extend this contract and add a number of additional users,

times are also much quicker, typically averaging four to six weeks, compared with six months or more for an equivalent on-site offering.

One Asian client describes his firm’s deployment of Aspect CTRM as “fast and headache-free”. He also praises the standard level of functionality, saying he finds the position management tool “easy and intuitive”.

In the 12 months to August this year, revenues from Aspect’s Asia business had grown by 10%. A considerable 42% of the vendor’s total revenue now comes from the Asia-Pacific region. “Asia-Pacific is very important to our plans,” notes Hughes. “Our business there has continued to



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Steve Hughes, Aspect Enterprise Solutions

including a desk of traders using the vendor’s naphtha tool.

Many of Aspect’s customers are firms that require sophisticated CTRM functionality to support their trading activity, but that don’t have the budget for traditional vendor offerings. Because Aspect’s applications are deployed via the cloud on a remote server, clients don’t have to pay for or install any hardware or software on-site. Furthermore, all maintenance and upgrades are completed by Aspect under a software-as-a-service (SaaS) arrangement. Whereas traditional vendor offerings can involve typical upfront licensing and installation fees of between \$1 million and \$3 million, monthly payments for AspectCTRM are between \$1,020 and \$1,350 a month per user. Implementation

grow at a faster rate than other regions each year since we entered.”

In general, commodity trading firms say interest in cloud-based CTRM has picked up in recent years. This includes public, ‘multi-tenancy’ cloud solutions, as well as private clouds, which give clients greater control over their own data and systems. Having been designed for the web since its launch in 1999, AspectCTRM is well placed to benefit from this enthusiasm, says Hughes. Aspect now offers a range of hosting options, and clients can move from one option to another at any time. These range from a shared SaaS model, in which hardware and application components are pooled with other clients, to options that give clients more control over releases and data storage. ■