## Case Study

Trading / Logistics / Finance / Risk Management

# ELEMENT

# From Start-up to Globally Recognized Oil Trading Company

In 2015, ELEMENT Alpha was getting started as a local market trader in the Black Sea and Mediterranean. Credit lines were required to finance trading activity, and capital expenses needed to be kept at a minimum. IGNITE, new-age cloud-based energy and commodity trade and risk management (CTRM) solution, solved both of these challenges, further allowing ELEMENT to ramp up trading operations quickly, becoming a recognized global trading company in just a few years.

ELEMENT is a physical energy trading house headquartered in Geneva, owned and operated by trading professionals. It provides the full suite of competitive logistics, financing and risk management services, and trades crude oil, refined products, LNG and dry-bulk energy commodities. ELEMENT's decision to implement the IGNITE platform, well-positioned them to avoid some of the more costly mistakes that young companies make when deciding how to manage trading activity, such as incorrect CTRM selections

with extremely expensive implementation costs, heavy reliance on spreadsheets, or spending countless hours and resources trying to develop an in-house system.

## Gaining trust from the banks

Prior to trading their first cargo, ELEMENT heavily weighed their options for managing day-to-day operations. While the spreadsheet route was certainly tempting, it was not a viable option, as financing banks required risk management processes and ideally CTRM software in place before financing, physical and derivative trading activities. After thoughtful and strategic deliberation, ELEMENT ultimately chose to deploy IGNITE.

As promised and "off-the-shelf," IGNITE was ready to go within just a matter of days along with some simple configuration settings that quickly allowed ELEMENT to jump-start their business.

"*There's simply too much volatility and uncertainty. Banks are focused on the risk trading companies take on and want to ensure it is be managed safely and securely. Through IGNITE, we ensured the banks were comfortable lending,*" said Nino Mendiburu, Co-founder of ELEMENT Group and CEO of ELEMENT Americas.

*Now fast-forward to early 2020 during COVID-19, and Mendiburu went on to say, "We saw the highest volatility of my career. It was wilder than in 2008. We managed this risk with no surprises. You do not want surprises, positive or negative and we ran P&L and risk reports sometimes 3 times a day in the midst of the crisis through IGNITE."*

The IGNITE platform delivers a wide array of functionalities including data and process automation. These invaluable toolsets, help to significantly reduce human error that often occurs when companies try to manage multiple variations of spreadsheets from countless sources and libraries. Eventually businesses cannot keep up with management of such files and their validity, thus compromising data integrity along with the key business reports and analytics which they are ultimately reported from.

With companies continuing to lose billions due to unsafe trading practices and the risk of rogue traders single-handedly taking down businesses through fraudulent activities – the IGNITE platform positions itself as a mechanism to protect from these occurrences. By offering robust security, auditing, and tracking capabilities, IGNITE helps secure sensitive data and prevent unwanted user access.

The more you automate, the more secure and protected your business is. IGNITE helps control risk and protect shareholders allowing businesses to rest easy knowing their processes are streamlined and data is secure.

## Do What You Do Best – Trade, Risk, Finance – not Software Development

ELEMENT's management team had plenty of experience with CTRM software at prior companies so they knew the inherent risks associated. These risks could include costly over-runs, long implementation times, and over-promises and under-delivery for features and functionality that would need to be built for more fees. Building software inhouse was not a possibility due to certain bank stipulations and because their philosophy was to focus on profits, and their core business of trading oil, understanding risk, and supplying clients with the best service. When you "build your own" CTRM software, you become dependent on a handful of development staff, who can leave at any time, and take their expertise with them. This creates serious risk for your business.

IGNITE fully understands the customer assessment and sentiment in the market when it comes

to choosing a CTRM solution, and the "buy vs. build" debate. It continually looks to reduce those barriers to entry and negative perceptions by being a different kind of CTRM company. IGNITE's focus is not on high implementation costs which handcuff companies who are unable to walk away from failing projects due to unplanned investments but rather, to deliver a high-performing and an easy-to-use product

while maintaining a low subscription fee. And because of its technology and "open-source" mentality, IGNITE can achieve this quite easily, and affordably. IGNITE continues to push its platform forward by implementing new features derived from its fast-growing user community, where client suggestions can be shared and benefited across all users, without charging additional fees like other systems.

> *IGNITE CEO Shawn Wegner said, "Given the fact that we are a young company in a mature space, our philosophy is to partner and grow with our clients and this gives us some advantages over older, larger software providers. Additionally, our more modern technology stack enables for more agile and efficient development, while our nimble and responsive environments, allow our team to focus more towards that of our clients' needs."*

## Why IGNITE: Software-as-a-Service (SaaS) in the Cloud is Key

ELEMENT chose IGNITE for its modern, affordable, technology which enables quick-start deployments, immediate ROI, and fast performance. And due to its flexible, cloud-based, Software-as-a-Service (SaaS) model, there's no capital expense required, thus excessive costing and subsequent red-tape is virtually eliminated. IGNITE's team of experts and cloud specialists, manage ELEMENT's entire infrastructure, allowing them to focus solely on running their business.
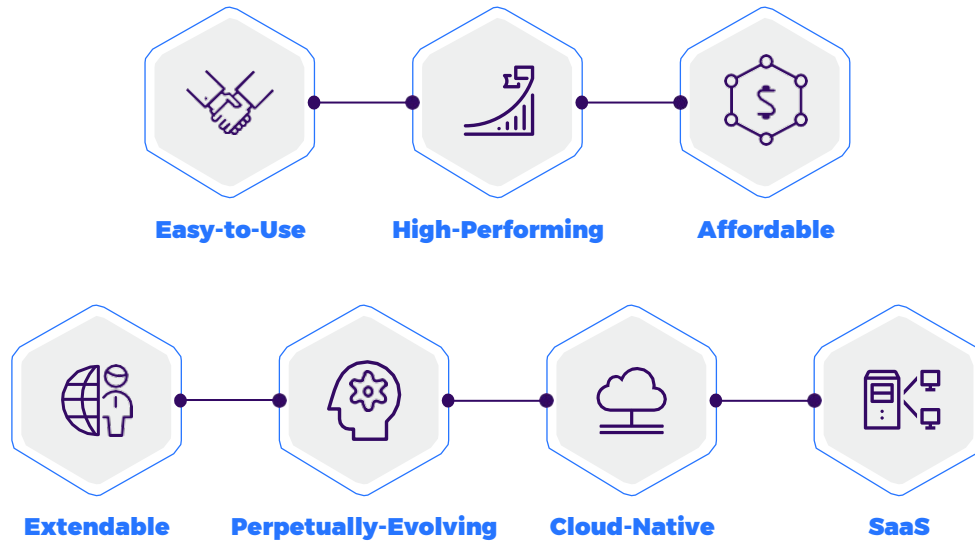
IGNITE also partners with the world's largest public cloud provider, Microsoft Azure, for expanded hardware and infrastructure support and disaster recovery. Azure delivers 24x7 support by certified systems engineers and data centers that comply with key industry standards

such as such as ISO/IEC 27001:2013 and NIST SP 800-53, for security and reliability. IGNITE's cloud-native application ensures execution in this environment with all the advanced services and features it was built for, making it more scalable and faster than on-premise applications.

**IGNITE gives small and mid-size trading operations the same efficiencies and foresight as Fortune 500 commodity trading operations, for a fraction of the cost**

**Easy-to-Use** — **High-Performing** — **Affordable**

**Extendable** — **Perpetually-Evolving** — **Cloud-Native** — **SaaS**

Today, ELEMENT employs more than 50 users in finance, risk and operations spread across 9 offices globally. They effectively use IGNITE to manage physical commodity related movements via vessel, barge, truck, rail and pipeline. IGNITE's logistics functionality, released in 2020, makes this process even easier, while also decreasing the time it takes to book trades. A "1-to-1" balance of support to commercial is aided through IGNITE's ability to automate the business; this is a key equation for success as many larger companies can have up to a 1 to 10 ratio, ballooning costs.

> *According to ELEMENT Co-Founder Gregor von la Valette, "IGNITE is central to everything we do. It plays a big role in automation which allows us to be slimmer on cost. We're able to do well with a smaller margin and compete in a market with bigger companies that have to make more money to pay for massive overhead."*