# ETRM system
# for a digital
# advantage

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The concept of trading has had quite a transformation with time. Even as trading in the broader sense means buying and selling of commodities, if you look at the concept in the '90s and compare it to how it functions in the present day, the changes in the process are phenomenal. The trading landscape has become less ecclesiastical and more egalitarian, owing to the emergence of developments in logistics, communications and supply chain technologies.

And that's where we traverse to the volatile world of energy where several organizations still rely on spreadsheets put together after a great deal of effort to manage their front and back-end processes. This brings us to how Energy Trade and Risk Management (ETRM), a subcategory of Commodity Trading and Risk Management (CTRM)—software solutions that support the trading and risk management of commodities by providing tools that support business processes associated with trading energy commodities such as crude oil, refined products, natural gas, NGLs, electric power and so on—which emerged around two decades ago, have helped increase productivity and return on investments. All this, even as they provide flexibility and a decision support system because they are powerful analytical tools that make deployment of duties and responsibilities easy.

The ETRM's initial functions were to automate tasks that were both complex and routine while ensuring costly errors were reduced, manual processes were eliminated and efficiency was increased alongside minimizing of operational risks.

Despite being a part of the broader wholesale energy trading application landscape for over two decades now, the present day systems with cutting-edge technology have become capable of delivering more functionality than before. The recent developments like web-enabled or cloud-based ETRM solutions have made it easier to reduce implementation timeframes alongside becoming more economical. Even as the modern ETRM system supports a trade processing framework that is able to reduce manual intervention, it is also capable of minimizing errors and enhance transparency. This will eventually lead to better decision making that could facilitate surviving in a competitive sphere of work.

With easy data exchange made possible between trade floors, operations, credit, contract and accounting functions providing real-time data that is accurate and easily accessible, traders now have the ability to take advantage of multiple sources of data. These analytics are a game changer, and the automation, cloud services, and technology allow decision-makers to process information faster, thereby saving time in a quick-paced environment.

It has to be understood that CTRM and especially ETRM have not just revolutionized, but have also majorly reshaped the commodity trading industry. For instance, the ability of ETRM systems to store the enterprise's data helps achieve consistency in terms of risk management, allowing the understanding of credit risks, and can also facilitate analysis of operational risks, cash flow risks and earnings at risks. Mapping the exposures, overlaying the market-derived statistics, modeling and generating results alongside determining the impact on business, the development of such frameworks helps underpin risk management frameworks. Moreover, a commodity-specific analysis is made possible for all the business users, offering the greatest in-depth solution on the market. Here, the integration of the enterprise resource planning (ERP) with the accounting systems becomes simplified as well as standardized.

Additionally, a benefit of using this digital system for traders would be the ability to set performance benchmarks amidst assets, thereby setting profit targets, streamlining profitability of contracts and compensation schemes. Here's how:

**The new fluid workspace has to be constructed with the intention of enabling enterprise productivity with ease of access that fulfills next-gen workforce demands.**

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| **Asset management** | Establish business objectives and implement a management framework. Likewise, negotiate service contracts and identify the costs and risks involved |
| **Capital allocation** | Develop capital allocation criteria and understand risk-adjusted performance across projects |
| **Governance frameworks** | Align with accounting, regulatory and internal control objectives |
| **Valuation processes** | Evaluation of analytics for transactions, assets and portfolios, alongside implementing new models of price structures |
| **Agility** | Without waiting for long hours to streamline processes, approval workflows and procurement cycles are made easy |

By consolidating multiple tasks like scheduling, invoicing, settlements, trade capture to reporting and management of inventory on to one platform, the ETRM system helps increase efficiency. This indirectly saves time and cost of trade processes, minimizing chances of human error as all the data is being entered into one system and not on several platforms.

The next-gen ETRM systems are taking advantage of the latest technology to do more with less! Leveraging technology in a bid to help organizations handle short-term demands with no extra training or recruiting, these systems are momentous developments.

## About the authors

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Kapil is a strategic and growth-oriented leader with broad expertise in Business Development, Consultative Solution Development and Selling, P&L Management, Project Delivery and Operations within Energy & Commodities space and lately in Business Transformation.

He has 17+ years of extensive international experience complemented by sharp business acumen, hands-on management style and a strong foundation in on-time on-budget delivery within ETRM ecosystem. He also has a talent for building and leading large culturally diverse teams globally.

At Wipro, as a Global Head for Energy & Commodity Trading Business, Kapil is responsible for growing the Energy and Commodities business globally. He is also responsible for building the Global Consulting organization and value added services for industry, both in traditional solutions as well as transformation solutions from digital standpoint.

Kapil has done Masters in Business Information Technology from Middlesex University, London and a Post Graduate Diploma in Business Administration from University of West London.

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Chirag joined Wipro over 3 years ago and since then has been part of 6 projects across the trade life cycle for some of the largest oil, gas, agro and power trading companies globally— implementing Openlink Right Angle, Endur, SAP and TriplePoint.

He is also part of the innovation team within the ETRM practice in Wipro and has developed solutions leveraging blockchain, RPA, mobile assistants, test automation, algorithm trading and data integration and visualization tools.

Most recently, he successfully led a team to win one of the largest energy blockchain hackathons conducted by a consortium of oil, gas and banking companies globally.

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