



All Eyes on the Supply Chain

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by Dr Gary Vasey

Recently, as I added vendors to the CTRMCenter directory <http://www.ctrmcenter.com/ctrmdirectory/>, I was amazed to discover just how many CTRM vendors there are in total despite the many acquisitions that have taken place over time, but I was equally struck by the number of those that focus on agricultural and/or soft commodities. In the latter camp, I counted around 23 different vendors (Table 1), many of whom do not have an offering outside of the agricultural/softs arena.

Table 1 – Vendors focused on or with a capability in Ags/Softs

Agiboo	Eka Software Solutions	Logaviv
AgroSirius	Eximware	OpenLink
Aspect Enterprise	Generation 10	Progressive Software
Brady PLC	HiGH Software (Dycotrade)	SAP
CDA Software	Hivedome	TradePaq TRM
CMS Computer Management	Intermarkit	Triple Point
ComFin	InvenSoft	
Cultura Technologies (3 solutions)	iRely	
	JustCommodity	

Commodity Technology Advisory is also in the process of readying its latest CTRM market sizing report where we look at the total market size and growth rates – historical and forecast – across the entire software category and in terms of various geographic markets and commodity groupings. It's premature to discuss those numbers as Patrick is still fine tuning them, but what is intriguing is how the Ags/Softs CTRM market has emerged as both a growth area and a reasonably significant market. ComTech sees Ags/Softs being around 15% of the total CTRM market today increasing between 5-10% pa - well in excess of many other commodity groups.

What is also interesting about Ags/Softs is that, unlike Energy – still the largest market for CTRM software – Ags/Softs CTRM users are as likely to be based in Indonesia or Brazil as they are North America and Europe. In other words, Ags and Softs have a different geographic distribution and the highest growth seems to be occurring in non-traditional ETRM geographies – particularly Asia.

Today, the CTRM landscape for Ags/Softs reminds me of Energy a decade ago. Back then, different vendors specialised in different energy products and markets. Many were trying to expand their footprints and coverage and some succeeded via organic growth or merger and acquisition or both. Some never did and either went out of business or remain today as a niche provider. We expect something similar to occur in Ags/Softs as when you review the vendors in the space, many remain focused on specific commodities and geographic regions. Many would like to have a broader footprint. Perhaps the difference is the presence of some larger vendors such as OLF and Triple Point but even their solutions have a natural bias towards

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certain commodities over others.

As a result, we expect to see a fiercely competitive market develop in Ags/Softs where new entrants like Agiboo, Aspect Enterprise and G10, for example, battle it out with existing providers like Triple Point, OLF, Eka, TradePac TRM and Brady FinTrade or more niche providers like Cultura, Hivedome, CMS, Progressive, iRely, JustCommodity and others. Inevitably, some vendors will struggle while some will inevitably be acquired.

But there is something else exciting about the Ags and Softs side of CTRM and that is the supply chain. Moving cotton, sugar or cocoa from origination to point of consumption is a complex business in of itself that requires management. Once managed, it needs to be optimized to increase margins. Quite often, the companies moving these commodities are not traditional CTRM buyers either. They could be, for example, bakers, food processors, as well as traders and banks and so on. In fact, this is helping to grow the entire market and managing the movement and transformation of the commodities or raw materials into finished or semi-finished products might be a software market several multitudes larger than CTRM.

This fact has not gone unnoticed by the vendors.

Triple Point has already been able to make hay in this market on the back of its Cargill experiences. Several huge multi-million deals have already happened and suddenly, everyone is talking about Commodity management (the Triple Point term) or Commodity Supply Chain management. In recent days, Eka acquired bulk materials supply chain management, handling and terminaling specialists - Matrix Group providing them with a clear and expanded footprint in the supply chain as well. However, let us not forget that the commodity supply chain has been around a while and SAP and other large software companies already reside there too.

Could this foretell the long overdue entry of SAP and others into the broader CTRM market? We will have to wait and see. For the time being, all eyes are on the Ags/softs space and the supply chain in particular.

Please visit the CTRMCenter CTRM Directory for listings of all solutions/vendors in the space. If you are aware of a vendor not yet included in the Directory, do let us know. <http://www.ctrmcenter.com/ctrmdirectory/>

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Contact Information

US: Patrick Reames

+1 281 207 5412

Europe: Dr. Gary Vasey

+420 775 718 112

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