

# Contract Management in Commodities

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By Commodity Technology Advisory LLC

**Commodity Technology Advisory:** Firstly, can you provide some background on Chinsay and its track record and area of focus please?

**Colin Hayward:** Chinsay has a 12 year track record of creating value for the maritime and physical commodity industries. We have grown over the years to a point where we now have 270 corporate customers including 23 multinational corporations and commodity traders using our platform every day with more than 3,000 unique users in 40 countries. 3 Billion MT of Dry & Tanker cargoes managed through the system.

Our objective is to place world class contract management at the heart of our customers' businesses. By providing a controlled and efficient platform to produce commodity and shipping contracts clients can extract maximum value from the process and resulting document data.

We only focus on contracts and extracting value from the process of contract creation. We provide a modular system that means that we can deploy quickly and effectively for clients.

CHINSAY's head office is in Stockholm, Sweden. CHINSAY has a subsidiary in Singapore and representatives based in London and Tokyo. Our global team is comprised of shipping executives with decades of experience who understand our customers and provides responsive, around-the-clock training and support.

**Commodity Technology Advisory:** How do you see the current status of Contract Management in commodity trading firms?

**Colin Hayward:** In good times the market doesn't see the need to invest in new ways, but when times are tough as they are in some market sectors, we are seeing people

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turning to technology as a way to maximise profit and capital and manage and reduce risk. Our observations of Contract Management in commodity trading firms is that those involved in the process are delayed by incorrect information, slow validation and approval and require significant individual experience and diligence to avoid agreeing to unseen risks. The challenge trading institutions now face is that so much information has to be gathered together from various places and owners to create a 'good' contract. Standard office software helps but requires significant effort to manage and communicate change and offers no visibility to the process.

**Commodity Technology Advisory:** How do you see Contract Management changing and what do management need to think about in today's commodity trading environment?

**Colin Hayward:** The freight and physical commodity industries have been relatively slow to maximise their use of technology in the management of their contracts. Commodity trading firms should be seeking solutions that give them increased speed. The benefits of using technology are many and diverse, primarily speed, accuracy, security, transparency, compliance, scale and flexibility. In volatile trading markets it is crucial that Management is able to quickly determine risks as early as possible and preferably before they materialize. Today's regulatory and compliance landscape is very complicated because it tries to address a range of global issues linked to the nature of these contracts and that is only going to get more and more complex as global trade increases over time. The digitalization of Contract Management is allowing experts in various fields to collaborate real time with marketing teams to create a more reliable and efficient environment in which to trade and distribute commodities. Commodity firms should be considering how best these benefits can deliver value for their businesses.

**Commodity Technology Advisory:** What sorts of risks can a more holistic approach to contract management help mitigate?

**Colin Hayward:** Generally, operational risks. There are many tools and venues for managing price risk. With a more holistic view of Contract Management the company has a more nuanced and deeper view of the operational risks associated with buying, selling and delivering physical commodities. Chinsay identifies risks pre-trade and during



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the entire process of contract creation so teams are better equipped to mitigate risks if they are aware of them. Customers can specify their own risk profile and that is applied to every contract created.

**Commodity Technology Advisory:** Do you see Contract Management as a function or as a process and why?

**Colin Hayward:** Contract Management is entering a stage in which it can create profound changes for a business and provide new ways to create value and reduce risk. For that reason we see it being regarded more and more as an integral part of the business than an isolated process or function.

**Commodity Technology Advisory:** How do you see the future role of contract management?

**Colin Hayward:** Contract systems will be integrated and collaborative. The need for and reliance on the system for trade execution will increase with its complexity and sophistication. Contract Management will therefore be very important in achieving the extra margin needed for businesses to survive in ever so fiercely competitive markets.



#### **About Mr. Colin Hayward**

Colin joined Chinsay in 2013 to launch Chinsay's Commodity Contracts Manager to complement the existing Recap Manager for freight contracts. As Director of Product Strategy it is

Colin's role to define and deliver Chinsay's product strategy and roadmap. Most recently before joining Chinsay Colin worked at London Clearing House and Cleartrade Exchange as Business Development Manager after fifteen years' experience delivering IT solutions in various industries.

Visit the website for more information [chinsay.com](http://chinsay.com)

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Commodity Technology Advisory is the leading analyst organization covering the Energy and Commodity Trading and Risk Management (E/CTRM) technology markets. We provide invaluable insights, backed by primary research and years of experience, into the issues and trends affecting both the users and providers of the applications and services that are crucial for success in markets constantly roiled by globalization, regulation and innovation.

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