Artificial Intelligence and Machine Learning
An Interview with Cyrus Dadachanji, Partner at Infosys Consulting

27 Apr 2017
By Commodity Technology Advisory LLC

ComTechAdvisory: *Please tell us a little about Infosys Consulting and the team that you are building?*

Cyrus Dadachanji: Infosys Consulting's Commodity Trading & Risk Management (CTRM) practice sits within a broader Commodity Consulting organization, and focuses on all activities in the commodity trading/risk and the logistics value chains. We cover the full range of physical and derivative commodities including the energy complex (oil, gas, power, emissions and LNG), metals (base and precious), and agricultural products, as well as FX and interest rates derivatives. Functionally our service offerings address topics aimed atidentification of value leakages, increasing revenue generation, reducing the cost per trade with a focus on margin uplift, and ensuring necessary governance and control across the commodity trading value chain. Our clients include oil companies, vertically integrated utilities and commodity traders, as well as financial institutions.

Our CTRM practice is a global practice, led from our London headquarters with activity in Europe, Middle East, AsiaPac, North America and Latin America.

We aim to bring advanced and cutting-edge technology concepts such as digitalization, machine learning, artificial intelligence and big data analytics to address tomorrow's CTRM issues. Our professionals combine deep business, functional and technology expertise.

We deliver value to our clients through a global network of consulting, large programme delivery and development/testing professionals.

ComTechAdvisory: *What are you seeing in the industry in terms of trends and issues that you believe Infosys is*

able to address?

Cyrus Dadachanji: The use of advanced technologies are being discussed by most companies in the Commodity Trading sector. AI, Machine Learning and Robotic Process Automation (RPA) are all being looked at to understand how these technologies may be applied to ETRM. There is a strongly-held belief that such analytics tools may be applied to almost all areas of the trading lifecycle, from pre-deal analytics through to settlements. However, whilst there is wide agreement that the industry is ripe for transformation through the application of AI (using the term in its broadest sense), there is far less consensus around how this transformation will take place.

Four issues appear to dominate discussions around use of AI in ETRM:

- First, how companies can truly make use of the vast amounts of data they can access, leveraging AI and Machine Learning to draw better commercial insights and make better commercial decisions.

- Second, how AI can be used in the Regulatory Compliance arena. In particular, the use of AI to allow companies to get a firmer grip on potential market abuse pattern identification.

- Third, the use of machine learning in Shipping and Logistics. Opportunities exist right across the logistics value chain, from Ship Chartering, vessel monitoring and inspections through to demurrage management.

- Lastly, companies are looking at every opportunity to put Robotic Process Automation to use in order to automate a variety of processes across the entire ETRM transactional lifecycle, and thus reduce costs.

It is clear that AI is no longer simply an esoteric topic of conversation for the CIO – Heads of Trading, CROs and Heads of Finance are looking at practical applications of advanced technologies. Perhaps more important, companies are setting aside "innovation dollars" specifically to fund the first steps on the AI road, often in the form of a Proof of Concept.

Infosys Consulting's AI platform is a suite of advanced technologies which we are leveraging to bring focused AI solutions to the industry. We have identified specific use

cases where we believe AI is likely to have the largest impact, either through enhanced revenue generation or through increased efficiency. We use our Design Thinking and proprietary Value Realization Methodology to get to the heart of the AI opportunity, and utilize our suite of AI tools to tailor solutions for our clients.

ComTechAdvisory: *What do you think about the range of ETRM solutions available in the market in Europe and whether they meet the needs of the market?*

Cyrus Dadachanji: The ETRM solutions industry remains split between the very large and complex traditional ETRM platforms, and much smaller cloud-based platforms. Hence the two extremes of the range are well represented, but little middle ground exists. Larger vendors have also recently undergone much structural change, and the resulting sense of instability has not helped to serve the needs of the market.

The market itself has changed, with less appetite for large-scale front-to-back ETRM platforms. The ETRM vendor landscape is still adapting to this change.

ComTechAdvisory: *What are you seeing in terms of activity levels across the business particularly procurement rates for ETRM software – what is driving any trend that you see?*

Cyrus Dadachanji: In general we see far fewer large-scale "mega" implementations than was common a few years ago. Smaller companies and start-ups seeking to move away from spreadsheets to more robust platforms, are tending to look at bespoke solutions, with a strong focus on managing costs. The utility industry, under ongoing stress, is even more focused on cost management, and where ETRM technologies need to be addressed, utilities are largely focusing on platform rationalization. Cloud solutions are also proving of greater interest to smaller industry participants, with the lower start-up costs particularly attractive.

At Infosys Consulting we are leveraging our knowledge and understanding of the business to build these custom, bespoke solutions for a range of clients for whom large-scale ETRM platform implementation is not an option.

ComTechAdvisory: *Real-time trading is emerging rapidly as an opportunity in Europe. What challenges does this*

bring in terms of processes and systems?

Cyrus Dadachanji: Real-time trading, particularly in power markets, is rapidly increasing. The quantity of available data producing market signals is truly enormous. It is almost impossible for traders to collect, understand, analyse and act upon such volumes of data in real time. The use of AI and machine learning are clear solutions to maximize the opportunities presented by real-time trading.

We are developing prototypes and tools for a number of ETRM AI and Machine Learning use-cases utilizing Infosys's suite of AI tools, including for real-time trading.

ComTechAdvisory: *What do you see as the largest challenge in Europe right now around ETRM software?*

Cyrus Dadachanji: Four major challenges are prominent:

a) The desire that ETRM software should do a large part of core energy trading/risk management activity, thereby avoiding too many integrations for the end-to-end transaction chain, has waned. Many companies are wrestling with bringing in specialized and bespoke platforms which address the needs of specific areas of their transactional lifecycle, yet preventing excessive complexity and cost in their ETRM systems landscape.

b) Converting data into insights, and hence the need for a platform to leverage the ETRM transactional data, integrate data from peripheral systems and external sources and draw insights to make better trading decisions. In more general terms, the use of AI and Machine Learning within ETRM is a major challenge for industry participants.

c) Cost pressures remain a significant challenge, and this translates quickly into considerations for ETRM software selection, upgrade and replacement.

d) The impact of changing regulations and consequent demands on ETRM systems remains.
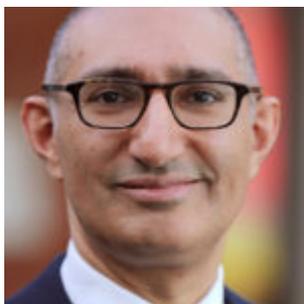
Cyrus Dadachanji
Partner, Energy Trading and Risk Management at Infosys Consulting

Cyrus has over 25 years' working in energy and commodity trading, both in industry and in consulting. He started his career at BP in London, with a variety of positions in supply, logistics, refining and trading, before moving to the US where he was a crude oil trading book leader in Chicago. With BP's US West Coast business, Cyrus managed US West Coast refinery trading, and later gas and power trading. Moving from front office trading to risk, Cyrus spent 3 years as Head of Market Risk and Product Control for Italian oil major, ENI Trading and Shipping.

Cyrus' consulting experience comes from time with KPMG Management Consulting in the US and UK, and more recently EY in London where he led the ETRM practice.

Cyrus is currently a Partner at Infosys Consulting where he leads a growing CTRM practice, bringing technology solutions to the CTRM industry with a focus on the application of advanced analytics such as AI and Machine Learning.

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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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