

Commodity Markets – A Headhunter’s View

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By Commodity Technology Advisory LLC

ComTechAdvisory: Given all of the turmoil in commodity markets this last year or so, how has the job market been impacted?

James Richmond: The markets have been slow in the past year in the prime locations (London and Geneva in particular). There has been a lot of divestment in the oil majors and energy utilities as well as in the more asset based areas of the multi-commodity traders. I have noticed a lot of growth in the outsourcing market. Whilst the UK and Switzerland has been quieter than usual, most firms tend to hire more globally dispersed teams, which comes with the added benefit of cost savings / staffing arbitrage. In the last 6 months, we have been involved in staffing projects into the Netherlands, Germany, Portugal, Estonia, Stamford, Singapore and the Czech Republic. Two years ago, it was mostly Switzerland and the UK.

ComTechAdvisory: Are you seeing changing requirements for staff or new job descriptions emerge for example around analytics, big data, Blockchain or other disruptive technologies? What about trader roles and automation as well?

James Richmond: Yes absolutely, I think the CTRM market is seen now as much more of a ‘utility’ rather than the ‘front edge of the sword’ for gaining competitive advantage. I see a lot going on in Blockchain; there are a number of collaborations in place in both the energy utilities and also among a number of the multi-commodities trading firms. I also see growth in predictive analytics; some of the larger commodity trading houses now invest as much as 40% - 50% in predictive analytics. Artificial intelligence and machine learning is another area I see disrupting the trading process and potentially the role of the Trader, particularly in the energy utilities with electricity prices being so low. I ran a search for a small team of

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machine learning quants earlier last year, as soon as word got out I received calls from circa 100 traders in the space of a few days. Their view was that the future of trading was assisted or automated and their drive was to move in the right space to position themselves for the future.

ComTechAdvisory: If you were in the industry and seeking a career path, what skills and experience would you focus on now?

James Richmond: Honestly, I would get involved in AI and machine learning. These innovations have disrupted the technology, Fintech and hedge funds worlds for many years. The commodities industry is now catching up. With increasing automation, I also see IT teams being leaner and I also see a trend towards the increasing importance of the role of the Software Developer. People should stay in the code or as close to the code as possible, I also see a decline in the 'middle management / technically hands off' types of roles.

ComTechAdvisory: Are you seeing any new types of entity coming into commodities? How about the financial players – are they coming back?

James Richmond: Not massively, a number of the larger Canadian and Australian banks have also been involved in commodities trading, they never really exited the market. Although, of course there are always new market entrants. I am seeing a lot of M+A activity in oil as the majors divest and smaller firms go through more rapid growth via acquisition. I also see a lot of consolidation in the energy utilizes as the trading and assets divisions are separated. Additionally, I feel that energy prices and market forces will also create a flurry of M+A activity over the next 5 years.

ComTechAdvisory: Tell us a bit about your firm and its approach to recruitment and executive search.

James Richmond: It is a very straightforward approach. My aim is always to be the best-informed recruiter in the sector. I organize and attend a number of events, round-tables, and think tanks around commodities trading technology. This means I am very close to all of the trends as well as the CIOs / thought leaders in the industry. Having a command of the business domain makes it a lot easier to operate and as a result my network is growing all the time. In many ways, it has become more of a vocation



than a job, it feels a lot less 'transactional' than traditional recruitment.



James Richmond Managing Director, Method Search

A well-connected recruiter, with over 15 years experience in Staffing / Executive Search in the commodities sector. James is the Managing Director of Method Search, we are preferred suppliers to the majority of commodities trading houses and energy utilities. Method's focus is Technology (CIO through to Software Developers), Quant Analysts and senior management. We specialise in E/CTRM, AI / Machine Learning, Innovation and Digitalisation. Our reach is global, we recruit for clients in the UK, Switzerland, France, Germany, the Netherlands, the US, Singapore and South America. In addition to running Method Search, James is also the founder of the 'Commodity CIO roundtable'. This initiative is now in its third year and our bi-annual events are attended by 20 CIO's from the market leading commodity / energy traders.

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