



The power of one.

Superior Essex success story

Smart CM for metal processors and fabricators

Background

All metal processors and fabricators share the common challenge of protecting their operating margins in a world where metal price volatility has sky-rocketed and competition has intensified. This combination threatens profit, leaving little room for error. Many organizations are unaware of how much risk their business is exposed to because their existing systems are not capable of measuring the mismatch in the amount of raw material purchases and sales of finished products. Tracking price risk solely with spreadsheet-based systems can result in unknowingly assuming more risk than warranted.

Successful companies must upgrade their commodity management (CM) systems to a more robust solution or risk falling behind competitors. Eka's next-generation Smart Commodity Management software provides user-controlled, predictive analytics and intelligence capabilities – helping metals companies make better riskaware decisions.

Business challenge

Superior Essex faced a number of challenges in its commodity trading and risk management operations. Their offices in North America, Europe and China were each tracking trades on disconnected spreadsheet-based systems, and business processes varied from office to office. While these localized systems worked, there was a need to standardize company practices worldwide for optimal price risk management. Furthermore, the consolidated commodity position (combining both physical and derivative trades) was typically only available to senior management on a monthly basis, rather than a daily basis. Superior Essex is moving from US GAAP and FAS 133 regulations to IFRS standards, and needed a more stringent statistical based testing model in order to continue qualifying for hedge accounting.

Superior Essex needed a robust risk management platform – functionally rich, technologically advanced yet easy to use by its sales and procurement staff in each office. In addition to the business challenges, the technical environment was also a demanding one: the new CM platform needed to integrate with an ERP system being simultaneously deployed across the company. The ERP system would be used to capture the physical trades and monitor commodity inventories. After a thorough evaluation of vendor alternatives, Superior Essex selected Eka's analytics-driven, end-to-end Smart Commodity Management platform.



As a commodity buyer, we need a system that easily interfaces with our ERP, helps manage our price risk and hedging operations, and assures compliance with hedge accounting requirements. Eka meets these goals with a platform that brings visibility to our global risk positions, streamlines risk management operations, provides reporting and analytical capabilities, and helps meet regulatory requirements. We are very pleased with Eka's modern technology and their team's capability, flexibility and knowledge of the commodity markets.

SCOTT WILDE, Vice President – Strategic Global Resources at Superior Essex Corporate Finance, OCI.

Business solution

The Eka Metals solution was deployed across multiple Superior Essex locations in the US and Europe. Key elements of the implementation included the hedge accounting module, derivatives trading, and business analytics and reporting, along with seamless integration with their ERP system.

The comprehensive hedge accounting module allows Superior Essex to properly achieve hedge accounting treatment in its corporate financial reports. The module includes hedge designation (precisely recording the linkage between physical and associated derivative trades), hedge maintenance and hedge termination. The solution also supports the critical regression analysis of hedge effectiveness testing for regulatory compliance and is integrated with Superior's ERP system for importing physical trade data. COMEX, LME and SHFE forward curves are loaded into the system on a daily basis.

Business benefits

With the Eka solution in place, custom spreadsheets are no longer used and hedges are now accounted for consistently across all company locations worldwide in accordance with corporate risk management policies. Superior Essex can now electronically designate trades at the time of creation and include them in the hedge accounting analysis. For auditing compliance, the prospective and retrospective testing of these hedges is automatically run by the system and can be monitored continuously, meeting the International Financial Reporting Standards.

Eka's consolidated reporting provides central visibility to open positions across the various geographical regions and exchanges and can be assessed on a real-time basis, not only at month's end, enabling better decision making for senior management.



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To learn about how Eka can add value to your operations.

www.eka1.com

info@eka1.com



About Eka Software Solutions

Eka Software Solutions is a global leader in providing digital solutions for Trading & Risk, Supply Chain Management and Financial Services driven by Cloud, Blockchain, Machine Learning and Analytics. The company's best-of-breed solutions serve the entire trading value chain across agriculture, energy, metals and mining and manufacturing markets.

Eka's Cloud Platform provides advanced analytics, one source of data and an automation engine, providing maximum flexibility and investment protection as business needs and market requirements change. Eka is committed to ensuring its 100+ clients can work from anywhere and collaborate across ecosystems within a secure and trusted environment.

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