

# CTRM Briefing Note

## EKA – Reimagining Commodity Management (CM) February 2019

### Overview & 2018 Results

Eka recently announced their results for 2018, offering the opportunity to review progress the company has made in developing and marketing their Digital Commodity Management (CM) Platform.

In recent press releases and in follow-up conversations with Mr. Manav Garg, CEO and founder, the firm and Mr. Garg noted the following highlights of the preceding six months:

- 25 new license deals, 21 of which include the companies underlying CTRM solutions
- The new license sales have been split roughly equally among ags, metals and energies customers
- The company's workforce has grown by 70 new employees during the period, primarily in the areas of engineering, technical support and customer services
- The company announced 100% successful go-lives and noted they believe they have reduced implementation times vs traditional systems by as much as 50%

Perhaps one of the most significant points from this information is the 21 new license deals involving both the cloud solution and the underlying ETRM/CTRM capabilities. Based on ComTech analysis, this level of success places Eka near the top of ETRM/CTRM vendors for the period, including those that sell only traditionally deployed solutions.

### Eka's Digital CM Platform

Eka's Digital CM Platform is a product grouping that includes traditional trading and risk management solutions (for energy, ags, or metals), commodity management (CM) extension (including sourcing, operations and collaboration), and a cloud-based analytics and reporting solution (first announced in 2015 and referred to in previous ComTech Analyst notes as the "Commodity Analytics Cloud"). The various components – including the TRM products and the cloud-based analytics/reporting solution - are separable and available for licensing jointly or as discrete applications.

The company's cloud solution leverages the now familiar concept of "apps" to provide high-value functional, analytic and reporting capabilities across multiple commodities and industries. With an API to the underlying transaction capture system (either Eka's, or one or more competing solution), the cloud-based platform aggregates data into a NoSQL database, facilitating rapid processing of all types of data – both structured and unstructured. Additionally, the solution employs a cloud-based in-memory database to ensure rapid data processing and return of critical information and insights.

According to the company, Eka has completed connections to more than 15 different systems including ERPs, market price feeds and accounting systems, and though connections to ETRM/CTRM systems of other vendors may require some development, once connected to the Eka cloud platform, pre-built apps can be downloaded and immediately deployed to enhance the capabilities of those systems. The solution also includes the ability to rapidly build out new connections via the provision of tools for users to map target data structures of their internal systems.

The approximately 50 apps currently available span the value chain for all markets Eka covers, including energies, ags & softs, and metals & concentrates. A full listing of Eka's available apps can be seen at <https://www.ekaplus.com/solutions/eka-app-store>.

### At a Glance

#### Company Background

|            |  |
|------------|--|
| Founded:   | 2004   |
| CEO:       | Manav Garg   |
| Offices:   | Norwalk CT, US<br>Bangalore India<br>Richmond UK<br>Calgary CAN<br>Adelaide AUS<br>Singapore<br>Dubai, UAE |
| Employees: | 350 (Est.)   |
| Website:   | EKAPlus.com  |

#### Products

|  |
|--|
| Eka TRM (Energy, Ags, Metals)            |
| Eka Source                               |
| Eka CSM                                  |
| Eka Control Systems                      |
| Eka QMS                                  |
| Eka Connect (Farmer, Supplier, Customer) |
| Eka AppStore                             |
| Eka AI                                   |

#### Market Profile

##### Customers by Geography

|                         |     |
|-------------------------|-----|
| North America           | 55% |
| South America           | 3%  |
| Europe                  | 13% |
| Africa                  | 7%  |
| AsiaPac including Aust. | 22% |

##### Customers by Market Segment

|                  |     |
|------------------|-----|
| Ag Producers     | 20% |
| Ag Processors    | 25% |
| Ag Traders       | 20% |
| Energy Producers | 8%  |
| Energy Traders   | 7%  |
| Metal Producers  | 20% |

#### Financial Results

Not Available – EKA is a privately held company and does not disclose financial information

## Company Strategy

Eka has consistently portrayed their products as Commodity Management applications, providing coverage from origination, trading, risk management, operations and analysis for numerous commodities, including energies, ags and metals. With the development and continuing enrichment of the cloud-based analytics and reporting capabilities, the company has increased their market reach by providing solutions that are readily adoptable by smaller market firms but provide the breadth of capabilities required by global size companies.

In describing their current strategy, Mr. Garg notes that buyers across any tier of the market can easily acquire and quickly deploy only those capabilities that they require for their current business – and in doing so, can potentially realize a much quicker return on investment than would be possible with traditional solutions. Further, as those businesses grow and evolve, customers can add additional functionality and capabilities without the long lead-times required for the implementation of new systems or custom development of new functionality.

He further notes that with this approach, the company's customers can also add significant new capabilities to improve their commercial performance, while leveraging their existing technology investments in ETRM/CTRM/CM solutions (regardless of vendor), internal data sources (other systems or even spreadsheets), and external sources such as price feeds. He further notes that for those seeking new or replacement core ETRM/CTRM solutions, the currently available E/CTRM solutions from Eka can be deployed and functionality added via the platform to best match any customer's business requirements, eliminating the potential burden of unwanted or unnecessary functionality that may be part of a traditional monolithic solution. In summary, Mr. Garg notes the following that their buyers are seeking: 1) a solution that can be quickly implemented, 2) will provide an improved return on investment, and 3) can be extended quickly and with low effort.

He further notes that their strategy, by design, is intended to appeal to buyers in several different situations or use cases across a broad set of commodities and market tiers:

1. Buyers seeking a new ETRM/CTRM/CM solution
2. Buyers seeking to consolidate data and information from multiple systems, including previously deployed E/CTRM systems
3. Buyers that need to add functionality as their markets continue to evolve, including compliance requirements or enhanced connections to business partners
4. Buyers seeking to leverage new digital technologies like AI and market collaboration tools.

The breadth and maturity of the Digital CM Cloud offering is evident in browsing the Eka App Store. With apps that cover Eka's three primary commodity markets (energies, ags & softs, and metals & concentrates), the company's offers specific apps that cover functionality within the following broad categories for each of those markets:

- Position management and P&L reporting
- Risk management and risk analytics
- Trading
- Supply chain operations and management
- Finance

Within these categories are numerous specialized capabilities, including market connectivity for price feeds and weather data, margin analysis, inventory analytics, supply chain analytics, vessel management and optimization and many more. Many of the apps apply specifically to commodity management capabilities for ags (such as crop disease identification) and food & beverage customers (raw materials procurement), while others apply to specific energies, such as power (transmission and power ops) or natural gas (complex pricing, physical options). With the Digital CM Platform, customers can configure their solution with the specific capabilities they require, and address many of the unique challenges that are associated with their particular markets and the commodities they produce, trade or consume.

## Outlook and Analysis

In much of our market commentary, ComTech has noted that we see the "disaggregation" of traditional CTRM as an accelerating trend. Under this new deployment model, which heavily leverages cloud technologies, many of the advanced analytics and optimization capabilities that vendors have built into large monolithic ETRM/CTRM solutions are decoupled from the more "traditional" transaction management functions - including deal capture, scheduling and position management. This model allows users to add additional capabilities to their ETRM/CTRM infrastructure without the need to replace or customize their existing solutions. Additionally, by unbundling these capabilities that were once only available in broad, complex and expensive systems, customers can select only those capabilities that are most important to their business at that time yet add additional capabilities as the business grows and their needs change – lowering their total cost of ownership and improving technical agility.

ComTech had previously described this approach as "CTRM as an Architecture" (see ComTech's whitepaper on the topic here), and a growing number of other vendors, including Generation10 (who have adopted the term "ecosystem approach" to describe their offering and have developed an integration platform and a number of functional modules or apps), have followed a similar path. A related, but somewhat different approach is evident in solutions offered by the "platform" vendors, like Beacon, who provide commodity-specific components that tightly integrate with ERP

solutions. And finally, there are several new cloud-native offerings currently emerging that focus on very specific functional or analytic niches (i.e. risk metrics such as VAR, PnL and others) that involve uploading business data to a web service and receiving analytic reports.

An additional trend noted in recent ComTech research is the growing awareness of the total cost of ownership of applications supporting trading and risk management. As margins on commodity transaction up and down the value chain have shrunk for almost all market participants, and as cloud applications have become more widely available in the market, ETRM/CTRM customers across all tiers are becoming more price sensitive and are seeking to reduce the costs associated with the acquisition and implementation of trading applications as part of a broad effort to reduce their total technology spend.

Given these two converging trends (disaggregation of ETRM/CTRM capabilities and buyers seeking lower cost solutions), it does appear that Eka is well-positioned to enjoy continued sales success for the Digital CM Platform. In particular, the ability for customers to “right size” both their technology investment and the functional breadth of their ETRM/CTRM platform is a compelling argument for anyone seeking new or upgraded functional capabilities, even if they wish to continue to maintain their existing solutions in-place.

Based on the previously discussed sales success Eka has experienced in 2018 and the compelling strategy that aligns well with the continuing technical evolution of the commodities markets, ComTech expects Eka to outperform many of their market peers in 2019.

### Opportunities

- Well-positioned as an early mover in a growing market trend (Disaggregation of ETRM/CTRM capabilities)
- Significant sales momentum and successful implementations should drive additional opportunities
- As lower commodity margins are increasing market awareness and sensitivity to technology costs, Eka’s approach to delivering discrete capabilities as “apps” at a lower cost than traditional software should drive increasing market interest

### Risks

- Though Eka has been an early mover in the cloud-based analytics market, new vendors are entering that market and existing vendors are building out their capabilities. This competition could drive down prices and/or slow Eka’s market momentum.
- The hybrid deployment model (traditional software and cloud-deployed analytics/reporting) may not appeal to some buyers
- Development of APIs to other vendors’ ETRM/CTRM solutions may prove difficult and negatively impact the initial value proposition for Eka’s cloud analytics solution.

---

## About ComTech Analyst Briefing Notes

*Commodity Technology Advisory (ComTech) 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.*

*ComTech Analyst Briefing Notes are intended only to provide an overview of a technology, vendor or product of interest in the Commodity Trading and Risk Management market space. These Notes **are not an endorsement of any product or vendor** and should be viewed only as an additional source of information or data relating to the covered company or topic.*

**Disclosures:** *At the time of this writing, Eka is a customer of Commodity Technology Advisory and the company’s management cooperated in the preparation of this ComTech Analyst Briefing Note.*

---

19901 Southwest Freeway  
Sugar Land TX 77479  
+1 281 207 5412

Prague, Czech Republic  
+420 775 718 112

ComTechAdvisory.com  
Email: [info@comtechadvisory.com](mailto:info@comtechadvisory.com)

