



The Value of Allegro

For customers who have switched to Allegro, implementing our software solution has significantly improved their commodity trading and risk management processes.

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In the world of commodities, risk constantly has to be managed. Margins are always under pressure. Ensuring compliance adds stress to every transaction. Unexpected price swings are an ever-present threat. Clearly, effective risk management is vital in order to succeed as a commodity business.

How though should you go about mitigating risk? Doing so properly requires an integrated system that can evaluate complex models, forecast potential market movements and accurately track assets. But even if that's a straightforward concept, it's critical to understand that not just any system will do. If you're running spreadsheets, a single-purpose application or a difficult-to-update in-house system, you're likely not set up for the requirements of today - much less those of tomorrow.

What you need to think about is turning to a dedicated commodity trading and risk management system, or CTRM. Once you've read this report, you may determine that the right CTRM platform, such as Allegro, could be the advantage your organization is missing. We're confident, in fact, that you will. Because time and time again, customers who've implemented Allegro have said as much.



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Considerations in Choosing a CTRM

To begin, you'll need to think about all of your available options. If you've already got some type of CTRM system, ask whether you should keep using it as it is, upgrade to the latest version or replace your software with something new altogether.

What about growth potential? Can your system expand with you? Do you need to manage multiple commodities, but your current system is best suited for only one? Although it's a serious decision to change your vendor and go to a new platform, with the amount of change taking place in the CTRM industry it could be time to at least explore a different route.

Of course, if you don't have a CTRM platform, you'll want to examine whether getting one makes sense. Consider where your business has been, where it is now, and where you expect it to be in the next few years. You already know the commodity market is complex, that regulations are regularly being rewritten and that global markets are extremely difficult to predict - but are you prepared to truly manage it all, with confidence and efficiency? Are you able to be flexible with your business with your current system?

Reducing risk and improving your P&L through trading, hedging, marketing and logistics management obviously takes smart business practices. But it also takes a technology platform that's up to the task. According to a survey conducted in 2015 by analysts at Commodity Technology Advisory, or ComTech, Allegro may be the answer. The Allegro CTRM software system incorporates all the tools necessary to quantify and manage risk, meaning users will gain a comprehensive view of the entire commodity life cycle. Plus, Allegro is scalable and easy to deploy, whether customers prefer an on-site implementation or running their instance from the cloud. In other words, it's built for now and for the future.



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We've been working with Allegro since 2008, using its platform to manage our hedging program to mitigate our fuel price risk. When the time came to upgrade our legacy fuel management system, it made sense for us to evaluate Allegro's capabilities to manage our physical jet fuel business on an integrated platform. Choosing Allegro more closely aligns our initiatives to minimize business costs and maximize profits.

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- Bill Tiffany, Vice President of
Supply Chain, Southwest Airlines

Explaining the Power of Allegro

ComTech interviewed 21 Allegro customers involved in trading natural gas, oil or oil products, power, natural gas liquids, coal, emissions, renewables or freight commodities. These customers had switched to Allegro from other CTRM vendors, spreadsheets or proprietary systems.

The purpose of the survey was to assess the value of these customers' Allegro investment, along with the operational and financial impacts they had experienced. ComTech's questions focused on topics such as cost-containment and efficiencies, error-reduction, the ability to react to market changes, and other factors affecting return on investment.

According to the survey, every respondent - literally 100% - said they would recommend Allegro to their peers in their industry. While that was clearly an astounding result, there were other important findings, as well:

- 96% believed Allegro was able to deploy or integrate new, complementary technologies for improving commodity management
- 94% had used Allegro to leverage the expansion of their business
- 86% of respondents said Allegro improved visibility into daily positions and exposures
- 86% said Allegro's software decreased their time and effort in calculating valuations and reduced errors related to settlement and invoicing
- 76% indicated they had grown their business with Allegro
- 76% said Allegro helped with development of an effective regulatory compliance program



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We are satisfied with Allegro's highly flexible, integrated and technically efficient solution and recognize its high potential for further development. It has enabled us to optimize existing business processes - and introduce new ones - within the commodity trading and financial risk management area. Allegro's solution provides us with a strong foundation to grow our expertise in different commodity classes and to deepen our system's functional coverage with the scalability required for future growth.

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- Lukasz Kwiatkowski, Head of Financial Risk Management, Grupa LOTOS SA

Measuring ROI

By comparing past and current experiences and answering a few key questions, a reasonable conclusion about a CTRM system's ROI can be reached. Consider the following ways in which it's possible to measure effectiveness:

- Were costs eliminated or savings achieved?
- Did you have lower foreign exchange costs compared with before?
- Was your hedging performance improved?
- Did headcount costs decline or stabilize?
- Have you optimized trading data costs?
- Have you reduced management outlays because of improved performance visibility?
- Do you have better audit controls and related costs?
- Have you seen improved payment tracking and faster collections?
- Are license fees, support and maintenance spending lower?

The more advanced your commodity management requirements become, the more you need a system capable of delivering risk management, collaborative capabilities and end-to-end visibility. Allegro's customers have made it clear that our software is the way to maximize business efficiency and meet challenges and demands.

We know that global commodity markets will continue to gyrate. New regulations will undoubtedly emerge, and uncertainty will remain. Even so, you can excel when you have the right tools. That's why it's time to investigate a proven commodity risk management solution. It's time for Allegro.



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COMMODITY MANAGEMENT INNOVATION

Allegro is a leading provider of commodity trading and risk management software, serving companies who buy, sell, produce or consume commodities. With more than 30 years of deep industry expertise, Allegro provides intelligence and decision-making capabilities, from the source of the commodity, through transportation, to the commodity consumer.

The Allegro software platform enables customers to handle their physical and financial positions and to optimize their assets and portfolios using tools that quantify and manage commodity risk.

Allegro is headquartered in Dallas and has offices in London, Singapore, Houston, Jakarta, Calgary, Dubai and Zurich, along with a global network of partners.



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