Across a wide range of industries, companies are in a constant struggle to deal with the business impact of increasingly volatile commodities markets. Unpredictability is a fact of life, from the so-called China effect – where growth in developing countries increases commodity demand – to periodic capacity constraints and the impact of replacement markets for biofuels. Under such market conditions, effective commodity management is imperative for business success. To mitigate your exposure to commodity risk, you need to understand your overall physical and financial position and how it is constructed – in real time. This is as true for oil, gas, or coal trading as it is for other commodities such as coffee and cocoa, copper and zinc. To make decisions and execute on your commodity management strategy, you need the right information at the right time – delivered to the right people.

Unfortunately, sourcing and logistics processes are typically separate from trading and selling processes. Information regarding transactions and the physical movement of goods is stored in one place, and real-time financial valuations stored elsewhere. Lacking the visibility required to understand both positions simultaneously, most organizations execute the associated commodity management tasks by spreadsheet, phone, and e-mail. Integrating information is achieved manually – with midoffice employees working frantically to gather data from traders and fill in the gaps of disconnected processes. This leads to high overhead, costly errors, and tedious reconciliations. It also increases your risk of noncompliance at a time when regulators demand greater transparency into the link between financial positions and underlying physical transactions.

What’s needed is a way to integrate the two sides of the office so that hedge trades can be made based on solid information and executed with speed and accuracy. SAP® software and Commodity SL™ from Triple Point Technology can help.
SAP is the world’s leading provider of enterprise-class software – with more than 30 years of experience helping organizations of all sizes around the world improve customer relationships, enhance partner collaboration, and create efficiencies across their supply chains and business operations. Triple Point Technology is the leader in trading and risk management solutions in commodities – including power, oil, gas, coal, metals, agricultural products, freight, and more. Together, core software from the SAP ERP application and Commodity SL from Triple Point provide the only fully integrated, scalable, end-to-end solution for the sourcing, selling, trading, and logistic processing related to commodities of any kind. With greater transparency and control over all aspects of your commodities, you can improve business performance, stay compliant, and increase profitability.

**Real-Time Trading and Risk Management**

With Commodity SL, you can monitor market prices, analyze market trends, and provide your traders with real-time access to the information they need to make informed decisions. Commodity SL allows you to see your overall position from various perspectives, including n-dimensional hierarchies and strategies. It also enables traders to flexibly slice and dice information to facilitate analysis and insight at the required level of detail. With a single click of the mouse, all position reports can be imported into Microsoft Excel for further analysis. You’ll delight your front-office people by delivering information in their preferred format while still leaving transactional data where it belongs.

Commodity SL supports multiple ways of entering deals – whether physical or financial. A convenient deal blotter, for example, requires users to populate only a few predefined data fields so that trades can be saved within seconds. Once a trade is entered into Commodity SL, relevant business documents in SAP ERP are created automatically in a synchronized manner. This ensures that data is entered only once, thus reducing errors and redundancies. Master data integration, moreover, ensures that counterparties and commodities entered in Commodity SL match customers, vendors, and materials stored in SAP ERP and that both are consistently available to users. Instead of the time-consuming tasks of master data mapping, you can focus on the value-added activities that make your business a success.

Commodity SL also supports a wide variety of physical and financial transactions. These range from standard futures contracts, simple options, OTC trades, and swaps to complex or synthetic options. The software also supports real-time trade profit-and-loss attribution and VaR reporting on different levels of the position hierarchy and in different points in the life cycle.

**Leading-Edge Logistics and Back-Office Functionality**

After physical and financial trades are generated in Commodity SL, your employees can process them using the standard SAP solutions and tools they’re accustomed to. For example, users can leverage the commodity-specific scheduling applications provided as part of the SAP for Oil & Gas solution portfolio. They can also use the market-leading general ledger functionality supported by SAP ERP for invoicing and the settlement of transactions. This helps protect your investment in SAP solutions.

Moreover, commodity derivative transactions recorded in Commodity SL are mirrored in the SAP Treasury and Risk Management application. This allows you to maintain parallel books to support multiple accounting standards including U.S. generally accepted accounting principles (GAAP) and local GAAP such as German HGB. It also significantly simplifies reporting and the preparation of official financial statements required by your auditors.
**Better Business Intelligence**
With SAP ERP and Commodity SL, every screen is a report, showing information in real time. You can sort, filter, and group all data according to the needs of your users in each business area. You can also drill down or across to the lowest level of detail or roll up to view aggregated data.

Analysis is easy, too. The offering provides analysis models at multiple points in the life cycle of a transaction, including profit-and-loss attribution, margin analysis, risk management, and what-if scenarios. It also has seamless import and export integration with Microsoft Excel for additional analysis.

**Improved Compliance**
SAP software and Triple Point Commodity SL provide one version of the “numbers” across divisions, commodities, and geographies – in familiar hierarchy. You can automatically store and retrieve all documents required for audit purposes and generate all reports required by regulations. Every change to the system is captured and documented for a detailed audit trail to ensure full accountability and compliance with Sarbanes-Oxley mandates and risk management requirements. SAP and Triple Point Technology are also cooperating to improve functionality for compliance with hedge accounting standards such as FAS 133 and IAS 39.

Together, SAP ERP and Commodity SL provide a powerful, world-class trading and portfolio management solution that helps you mitigate the risk of commodity trading by giving you visibility into your physical and financial positions in real time – all the time. Your traders can make decisions based on up-to-date information, and the rest of your organization can process transactions efficiently using the familiar SAP solutions and tools they depend on every day to get the job done.

In particular, you can accomplish the following:
- Make better, faster, more reliable, and more profitable trading decisions
- Manage risk more effectively across commodities
- Reduce data errors and reconciliation tasks with seamless front- to back-office integration for physical and derivative transactions
- Improve compliance with a future-proof investment that meets regulatory requirements and accounting standards
- Comply with regulatory requirements and accounting standards – now and well into the future.
- Support all users with real-time, dynamic reporting and analytics

No other solutions work better to help you improve your commodity trading performance. Preintegrated to relieve you of that task, SAP ERP and Commodity SL work together seamlessly – giving your traders the visibility and insight they need to make rapid, informed decisions that help you stay ahead.

**Find Out More**
To learn more about how SAP ERP and Commodity SL can help you mitigate risk and improve trading performance, contact your SAP representative today or visit [www.tpt.com](http://www.tpt.com).

**SAP-Endorsed Business Solutions**
Commodity SL is an SAP-endorsed business solution. SAP-endorsed business solutions are complementary to SAP software offerings, are developed in accordance with SAP development guidelines, and provide additional choices and flexibility for businesses running SAP software. SAP-endorsed business solutions are powered by the SAP NetWeaver® platform and are offered by SAP partners.

**Powered by SAP NetWeaver**
Triple Point Technology accomplished the integration of Commodity SL with SAP solutions by using technologies SAP pioneered: enterprise service-oriented architecture (enterprise SOA) and the SAP NetWeaver platform. Enterprise SOA enables innovation and standardization in a single environment, allowing IT management to deliver at the speed and efficiency the business requires. SAP NetWeaver unifies technology components into a single platform, allowing your company to reduce IT complexity and obtain more business value from IT investments. It provides the best way to integrate all systems running SAP or non-SAP software. With this foundation, Commodity SL is poised for rapid integration into your enterprise environment, significantly reducing your time to value.