



Case Study: Concentrates

A Trader, supplying the world's biggest silver smelters, ensures the lowest total cost of financing by using Arviem's real-time cargo tracking and monitoring solution

Industry: Metals / Commodities
Use Case: Working Capital Services / Metals Concentrate



A metals trader ensures lowest cost of financing and future growth by using Arviem's real-time cargo tracking and monitoring solution

INTRODUCTION

Arviem's client, a trader with experience in the metals concentrate markets, decided to work directly with suppliers in Bolivia. His aim was to deliver silver and other metal concentrates from Bolivian mines to smelters in China and Europe. With quality clients, both on the supply and purchasing side, the trader was confident in his future success. However, when trying to obtain financing as a new company, there was constant frustration with the large banks; with their lack of interest, or time consuming KYC/AML processes. On the other side, the small banks' costs were unreasonable.

When a bank that could provide the requested financing was found, the lending structures and the payment were against the Bills of Lading at the load port, causing cashflow issues. Finance was only available for less than 50% of the supply chain days. The trader needed to prepay his mine. A complete financing solution from the mine to the smelter was needed. This would free up precious capital to invest with the mine owners in new mines, improved operations and provide favorable terms to clients. In order to obtain this financing, the trader needed a credible, independent method to highlight the robustness of the supply chain, the risks involved (and how these were managed) and then attract the right funding.

CHALLENGE

In order to secure low cost funding for his goods in transit, the trader needed to show potential funders, insurance companies and inspectors credible data on how his supply chain worked, how risks were mitigated and why they should fund these transactions from container doors closing to doors opening.

What was needed was a credible independent monitoring service that was cost effective and easy to implement. This service needed to be global, reliable, accessible and economic.

Challenge:

Finding a solution that enables a trader to obtain financing for his goods in transit from container doors closing at the mine to doors opening at the smelter.

Solution:

- Real-time, independent monitoring of the location and condition of shipments in transit providing single source, independent and verified information to banks, insurance companies and the trader
- Easily deployed using the independent inspector to attach the device and verify quickly and with minimum effort
- Pay-per-use service to allow tailoring the service to financing requirements.

Results at glance:

Besides being able to deliver goods on time to customers ensuring customer satisfaction as a new trader on the market, the trader benefits from the obtained financing from the point of loading of the container to the point of container opening as:

The banks could independently verify the location of their financed asset.

The trader could now provide reliable traceability of the cargo supporting an ethical stance and reducing costs.

Finally, in-transit visibility creates vast opportunities for supply chain optimization which can be leveraged by the trader.

BEFORE ARVIEM

The trader operates on a global scale, using various shipping modes to serve customers worldwide. Shipment visibility was milestone-based resulting in logistics "blind spots". These "blind spots" were typically interface points between the different parties along the supply chain, stopping visibility across the network. A blind spot could be the issuing of a bill of lading, loading or unloading of a container, trans-shipments or a change in the status to name a few. Visibility into the movement of goods was minimal and mostly done via processes heavily dependent on phone calls and email communication. Everyone wanted better and independent data. The trader chose Arviem!

IMPLEMENTING ARVIEM'S SERVICE

After a signature to a simple Service Contract and the agreement on the routes to be monitored the Arviem monitoring devices were on their way to the shipment's origin, a mine in Bolivia. The local inspectors were keen to be involved placing the monitoring devices on the cargo after loading, sealing the doors and issuing the Holding Certificates. In the meantime, the trader was provided access to Arviem's monitoring platform and could follow the location and condition of his shipping container in real-time.

Once the monitoring devices were placed on the cargo the financier got involved. Seeing the holding certificate, the quality certificates and the live monitoring data, the parties agreed financing before the sealed container left the mine ensuring early cash flow for the trader.

From start to finish the cargo was independently monitored by Arviem, the financier, the trader and the customer. The cargo was trans-shipped and delayed a number of times but due to the real-time data all the stakeholders were able to understand issues and get these resolved. The misunderstandings and suspicions were eliminated. The trader received the highest customer satisfaction and further contracts.

The trader's supply chain was largely reliant on paper based processes and spread sheets.

Shipment visibility was milestone-based resulting in logistics blind spots creating constant tensions between the financier, consumer, shipper and trader; ultimately leading to lower customer satisfaction and lower profitability.

To grow the business the trader understood that independent information was key to obtaining financing at favorable terms. By using Arviem's cargo monitoring all the parties could follow the container position mitigating risks, allowing all stakeholders to work together.



WHAT'S NEXT

To scale his operations to support the growth of the business, the trader is in the process of implementing a bi-directional data exchange over the Arviem API. This will allow him to even further reduce the admin costs and to enhance customer experience, ensure control and compliance and improve the quality of service. By making his supply chain more transparent by improving the quality of information available to financiers, the trader managed to attract the interest of more financiers allowing him to further reduce the cost of obtaining financing. This is contributing to the expansion and growth of his business.

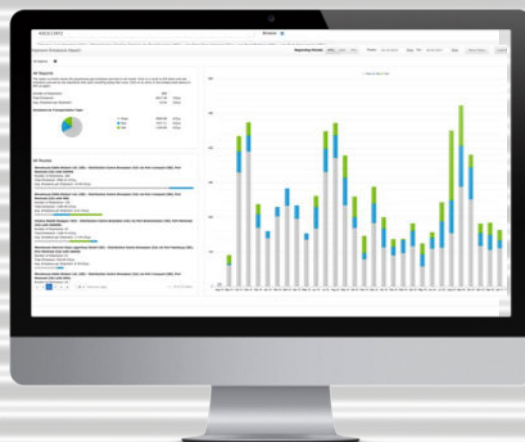
After discovering the benefits provided by real-time data on the condition and location of shipments in transit and leveraging Arviem's data analytics capabilities for supply chain and logistics optimization, the trader is planning on piloting other services of Arviem such as carbon footprint monitoring and traceability.

Thanks' to the reliable data provided by Arviem, we did not only manage to obtain new sources of financing enabling us to finance our supply chain more effectively but also obtained a shipment traceability solution that dynamically updates ETA.

Metal Trader

About Arviem:

Arviem provides exceptionally accurate location and quality condition monitoring of cargo throughout the global supply chain. Our leading edge solution will provide global supply chain stakeholders with on-demand access to real-time, transport-related data. Arviem solves the challenges of obtaining visible and intelligent trade by offering real-time end-to-end cargo tracking and monitoring services.



BENEFITS FOR FINANCIERS

The Arviem cargo monitoring service provides the core data for the financier to manage a number of regulatory and statutory requirements. By relying on the information collected through the independent monitoring of the location of the financed cargo, financiers (banks, hedge funds and others) can more reliably assess risks to set pricing and make data enabled financing decisions. By relying on the data when proving the robustness of a client's supply chain, financial institutions are enabled to:

- Brief senior management and risk committee members using credible, presentable and independently developed data
- Reduce compliance and AML departments' concerns around the origin of products and on going compliance with international sanctions
- Create a Chain of Custody ensuring all relevant documentation is connected with each individual movement providing traceability and tracking
- Provide tailored access to various departments to data and notifications
- Reduce fraud potential by having inspection, unique monitoring and reporting in real-time
- Monitor independently and set up geo zones to ensure the bank was notified when regulatory, corporate or trade breaches occurred
- Provide 24x7 access to data to allow the bank to quickly, easily and accurately understand the exact position of its assets
- Allow the bank to optimize its risk profile and manage this on a real-time basis
- Generate a verifiable Carbon footprint report, thus allowing the trader to generate improved routing to reduce the carbon footprint allowing the Financer to use Green funds to improve returns.

Typical Client's benefits after using Arviem's service for a period of 6 months are structured as following:

Working Capital Cost reduction: 20%

“Arviem’s unique cargo monitoring services provide a cost-efficient, real-time and independent verification solution for goods in transit.”

*Product Development Representative,
Austrian Bank*



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