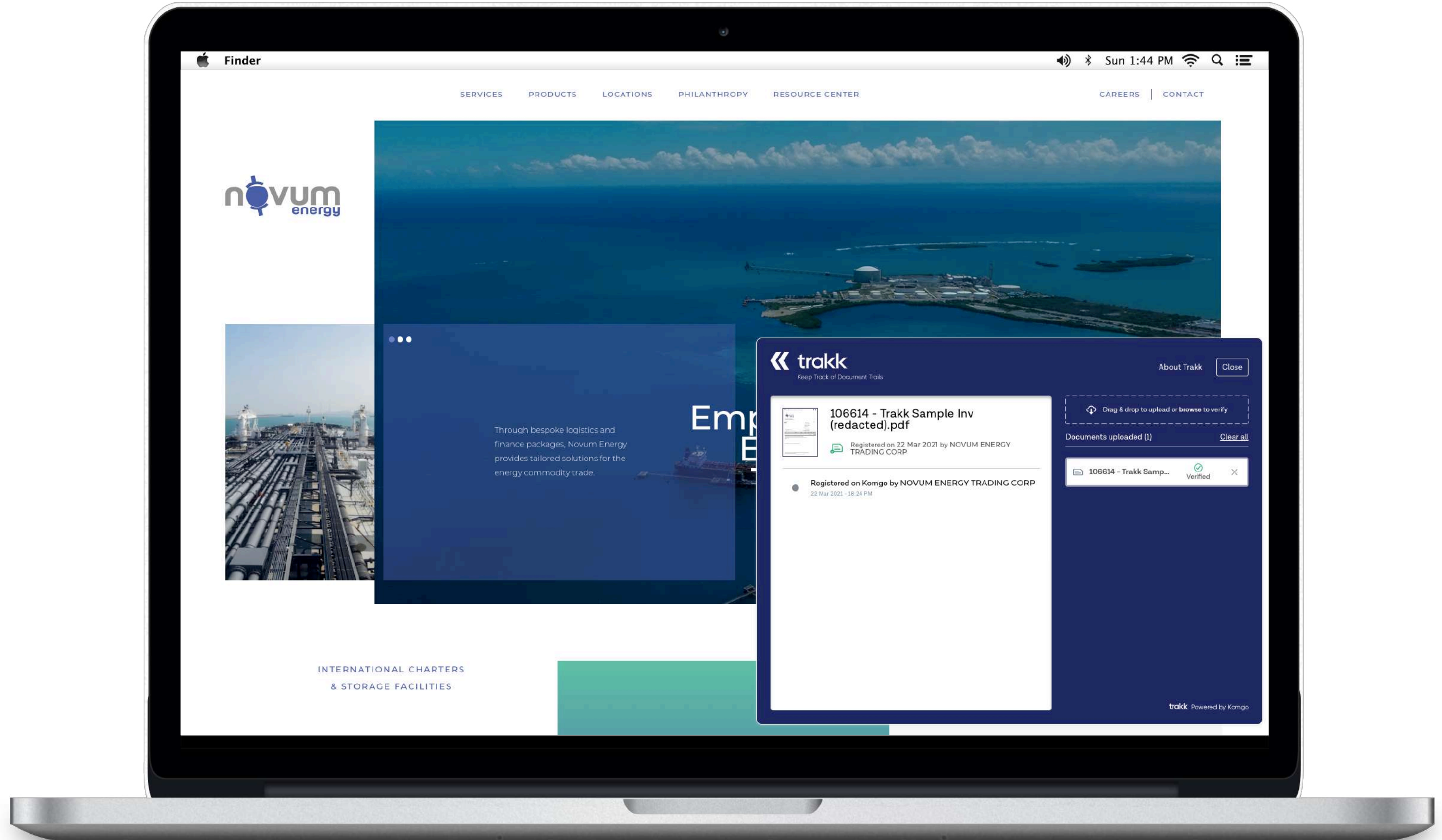


Customer Success Story

Novum Energy

Komgo was selected as the digital provider to secure and streamline the company's relationships with their lenders and trading partners.

We asked CFO Chris Scott to explain the motivations and the main drivers of value for their business.

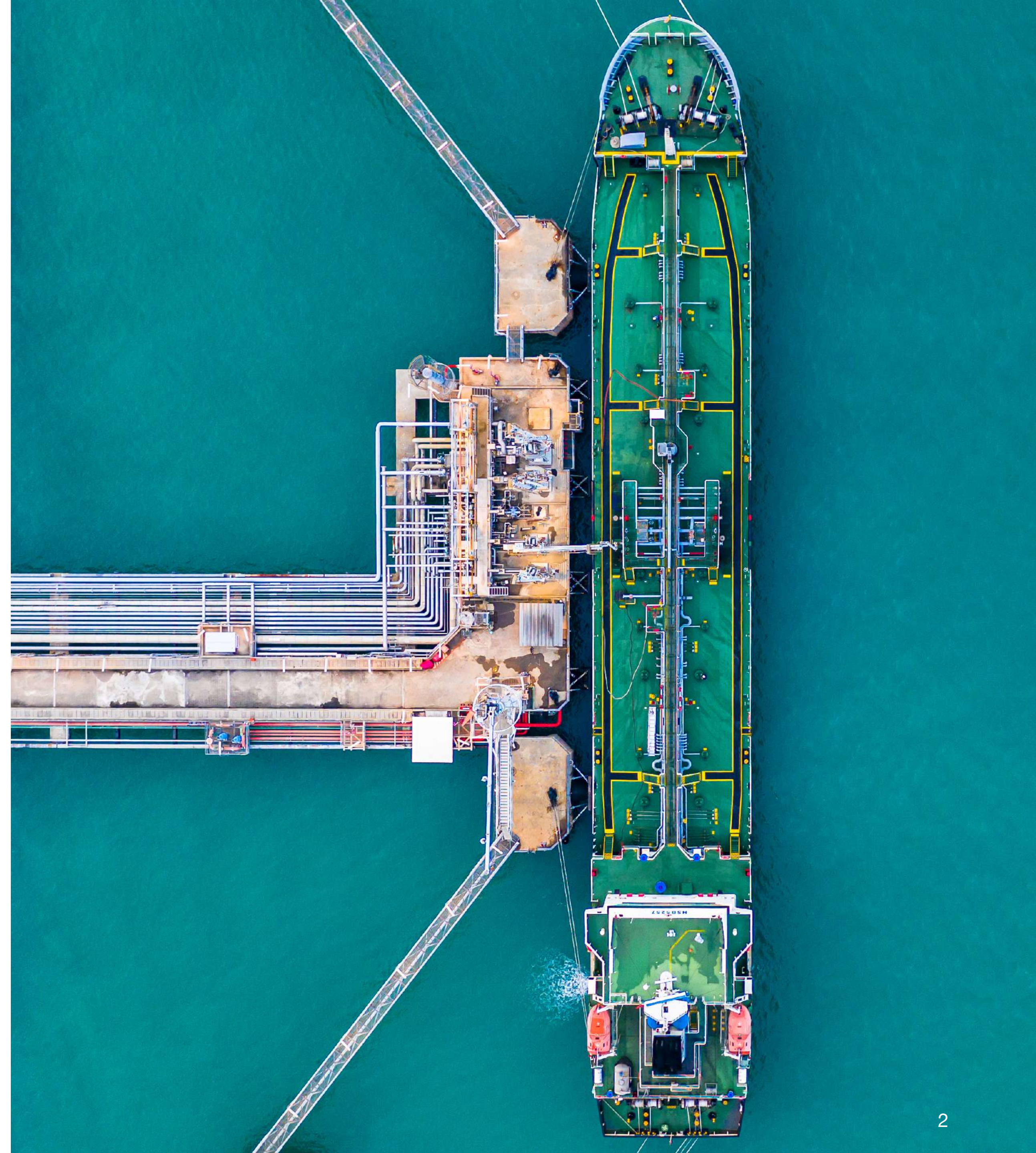


About Novum Energy

Novum Energy is an established physical oil supply and trading company in the Caribbean and Latin-America, having started business with the import of heavy fuel oils into the Dominican Republic in 2011.

A move into clean fuels followed soon afterwards, as did expansion to other markets in the region.

By 2016 trading activities were ramping-up, with new lenders enabling a period of rapid growth: Novum became the first non-local firm importing diesel into Mexico following the energy reforms there, they started to enjoy success on distillates and their equity grew quickly.



Novum's Needs

Novum was an early adopter of Komgo's Konsole solution to digitalize their documentary credit workflows with the main trade finance banks.

Now the trader is joining the dots around the world, looking beyond its existing markets as it seeks to go global.

This expansion comes at a difficult time for the industry, a number of the trade finance banks have been reviewing the business, reeling from losses due to fraud accelerated in part by the COVID-19 pandemic and the resulting price volatility in commodities markets.

Security around invoices is also paramount.

Fraud and business email compromise (BEC) are on the rise, with the energy sector among those worst affected.

Email is particularly vulnerable, with estimates of a 54% increase in BEC attacks targeting corporate finance departments in 2020.

"What we're seeing is very little appetite from banks for traders with balance sheets of less than USD100 million. They don't want to deal with the US, or anything that may bring reputational risk.

As a customer I need to be able to access new markets, new banks, new liquidity, with players that I don't have a relationship with."

Email is the #1 Threat Vector

Novum understands well the risks of fraud and phishing.

In 2019 they issued a USD15 million invoice to a buyer in the Caribbean. The buyer's email server was hacked, fraudsters got hold of the invoice, amended the bank details, and posing as Novum they re-sent the invoice claiming that the bank account details needed to be changed.

The buyer paid the new instructions without question, settling what they believed to be a genuine Novum invoice by transferring the funds to a US-based account.

The error was quickly uncovered, Novum who having not received the funds, contacted the buyer and learned that according to them the amount had been settled. The full story started to unravel, the FBI was called in, the account frozen, and ultimately the funds were recovered.

Were it not a US account used in the fraud, the result would have been quite different.



Komgo's Expert Solutions

In early 2021 Novum started deploying 'Trakk' on several of their invoices.

Trakk is a tool to increase the security of trade documents exchanged between multiple parties via email. It allows users to register any document on Komgo's ledger, effectively creating an immutable version whose origin and accuracy can be easily verified by anyone in possession of the document.

Novum are now part of Komgo's verified network, which is helping to engineer trust between strangers and enabling them to grow their business reach.

Their invoices are Trakked when they arrive in a customer's inbox, and be easily authenticated using plugin for Outlook, or drag-and-drop onto their website.

This is a good first line in their defence against fake documents, and is helping to reduce call-backs as incoming invoices can be quickly verified.

"The value is in knowing that we're doing everything we can to prevent that [invoice fraud] happening again. As far as the banks are concerned, it should give them a level of comfort that we're trying to do everything properly."

trakk
Keep Track of Document Trails

REGISTERED BY
NOVUM ENERGY TRADING CORP

DATE
March 22, 2021



Novum Energy Trading Corp

Trident Chambers, PO Box 146, Road Town, Tortola

British Virgin Islands

INVOICE

[REDACTED]

Invoice: 106614

Date: 01/22/2021

B/L Date: 01/07/2021

NOR Date: 01/11/2021

Page: 1

A Better View of the Market

The company is also using 'Market', the solution that allows users to optimize their liquidity by helping to match supply and demand for cover products, allowing banks to advertise new lines, and traders to discover appetite from providers outside of their core banking pool.

In many cases, having customers or partners in common helps with the establishment of new relationships.

"For Novum, the range of functionality enabled by Komgo, from digitalizing documentary credit workflows to securing our invoices and having access to a credit marketplace, all in one application, made the decision to join a no-brainer."



Contact us

To learn what Komgo can do for your business:

sales@komgo.io

komgo