

Exclusive interview: Tim Mendelssohn, Managing Director, Spark Commodities

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*For many of the younger generation within the energy industry, securing a trading role as early as possible is the holy grail. The likes of BP, Shell, Glencore, Vitol, Trafigura all hire exceptional graduates straight out of university who will typically spend at least 3-5 years cutting their teeth in risk management, trading analytics or trading operations before having an opportunity to become a junior trader. The allure of six or even seven figure bonuses together with the accountability and autonomy that comes with running a trading book is a powerful combination indeed. Here at HC we are keen to highlight other avenues energy professionals can take and pose the question: is it time for up and coming traders to be more open minded about their career aspirations?*

Tim Mendelssohn gave up his career as an LNG trader at Koch Supply & Trading last year to build **Spark Commodities**, a joint venture between Kpler and EEX. As a Singapore-based technology start up focused on providing LNG price transparency, the company had its first OTC trade completed within the first 6 months and has already attracted over 400 users from over 100 companies. Douglas Ferguson and Amelia May from Human Capital's APAC energy team caught up with Tim to get the lowdown.





We catch up with Tim just as Spark Commodities celebrates its first birthday. The Singapore-headquartered business, backed by Kpler, who started in LNG 6 years ago as a start-up and are now a market leader in commodity cargo tracking and EEX, part of the Deutsche Börse Group, who have extensive exchange platform knowledge, positions itself as a neutral, responsive, technology company, independent of its shareholders and focused on price. In a year, they have grown from one to nine staff members and has onboarded 450 customers from over 100 different companies, building an LNG freight platform that

aims to create more transparency in a part of the LNG value chain that is becoming increasingly important.

Spark's goal is to provide LNG players with greater insights when deciding how to manage LNG freight positions and aims to redefine how the market understands price through eligible broker and market-led price discovery. A strong technology platform sits at the company's heart. Tim says: "We're the new kid on the block in a market full of well-established incumbents. What we lack in legacy, we make up for in our understanding of the markets and our ability to build solutions our customers need, always with a focus on transparency, strong governance and robust systems. We are built to respond to market challenges. Our combination of neutrality and technology allows us to play a vital role in helping uncover opportunities and in aggregating disparate data in an anonymous way."

Aged just 31, Tim is far younger than the average MD in Singapore, who the statistics show is 45. The average age of his employees is about the same, and he says that's getting younger. Aside from two front-office staff, Spark's team is made up of developers, including the ex-Head of Engineering from Kpler, with the business heavily focused on technology.

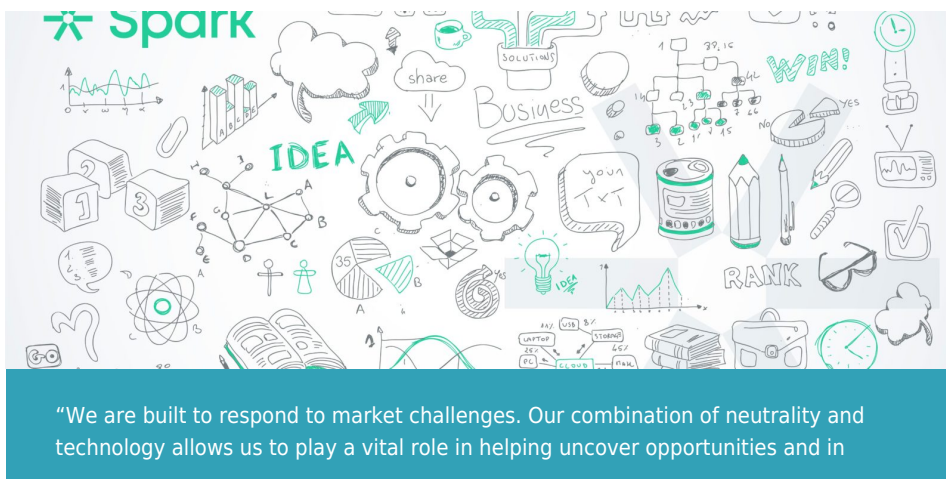
"People sometimes assume we share resources with our shareholders but we don't. We started with zero lines of code and zero users just over a year ago," says Tim. "We

have built a strong team who are focused on delivering great products and are constantly experimenting with new ideas.”

Getting a start-up off the ground has not always been easy: “I underestimated how hard starting from scratch would be,” says Tim. “I am fortunate to have great shareholders and we are well funded, but in a market where choice has been limited and incumbents are well entrenched, providing alternatives – especially as a young company – creates challenges that I failed to understand when starting this adventure.” Tim continues, “We have to be fundamentally better and we have to add value that isn’t currently being provided. If we don’t, Spark won’t succeed.” He continues to use the analogy, “Using Grab/Uber is fundamentally better than the previous way of doing things. It doesn’t require a complicated product demonstration, it’s intuitive, it gives you more options, removes inefficiencies and makes sense given how we all use technology. We need to give our customers the same impression.”

Today’s challenges are even more acute for a new business. He says: “A weak cargo and freight market, combined with the impact that Covid-19 is having, creates challenges for any business, especially the new players. These events limit normal business activities but they are challenges that everybody and every business is facing. We are just staying focused on making our products as valuable as possible to our users and working with our customers to make sure we are building what they need.”

Tim’s route to Spark is not an obvious one. During his studies, he worked for Warner Bros in Madrid and ran an award-winning start-up selling ethical bags to companies like John Lewis before he joined BP Upstream in procurement and supply chain management in 2012 as a graduate, based in Aberdeen. He then moved to BP’s LNG team in London before moving to Koch, starting as an operator, becoming a charterer and then an LNG trader. He relocated to Singapore with his wife in 2018, where he then launched Spark.



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“The LNG market is fascinating, especially at the moment, and there is so much to do as it transitions into a more liquid commodity,” he says. “Although I’m now in a service role to those that generate liquidity, I want to ensure that our neutrality and tech solutions provide critical tools to facilitate that transition.”

Tim adds, “Although I loved trading and have a lot of respect for those that do it, I found myself in a trading role through a mixture of opportunism and good luck. I had never planned to be a trader. BP and Koch were great places to work but the opportunity to start something from scratch, with great shareholders, was too good to turn down.”

He says he would never have forgiven himself if he hadn’t given it a try. “It’s easy to focus on the start-up success stories and underestimate the challenges start-ups face,” he says, “especially in conservative markets. But there is something exciting about seeing ideas come to life and fighting to have some of the biggest companies in the world as your customers.”

With no technology background and no coding experience, Tim is an unlikely pioneer for tech start-ups, but he believes that as we emerge from the global Covid-19 lockdown, more of his peers will consider similar routes. “Recent events may cause people to ask bigger questions about their careers and may prompt certain profiles to consider alternative career paths,” he says. “As technology continues to impact our personal lives in a more profound way, I think that many people are starting to question how it can impact their professional lives and, more importantly, what role they can play.”

Not everyone will have the stomach for joining a start-up. “The biggest challenge is shifting the mindset to working for a small business that is constantly under attack where one day you have to focus on business development and the next on strategy and HR practices,” says Tim. “Ultimately, it just depends on your risk appetite, interests and the time horizons on returns.”

He says traders are ideally placed to drive the digitisation of commodities. “There are a million start-ups promising to change the world, armed with teams of developers and managers from outside the industry who see commodities as antiquated and in need of disruption,” he says. “But they lack the basic knowledge of how these markets work to make a meaningful impact and fail to recognise the value of relationships that are critical to trade flows. By combining strong industry talent with a hunger to develop this industry and a tech team that has the knowhow to do it, there is a huge amount to do.”

Those in their early thirties are ideally placed; more senior traders may become too

expensive to make the transition, Tim argues. "If you enjoy the trader lifestyle, small tech start-ups aren't the best place to be," he says. "If you want to build something that has the potential to impact the markets you trade then there is nowhere better, even if the odds aren't always in your favour." At Spark, Tim likes to hire people with a "massive hunger to deliver something that can change an industry." LNG shipping is just the starting point for them.

Looking ahead to the next five years, the ambition is that Spark will remain a relentlessly "opportunistic, responsive and dynamic" company full of people driven to "unlock value through technology," Tim says.

Although he recognises that Spark is only at the start of its journey, he hopes the platform will become a critical tool for traders who believe that technology can help them achieve an edge in a fast-changing commodities world. But he cautions: "Five years is too far in the future for a start-up. All I care about at the moment is building a sustainable business over the next 12-18 months that gives us a platform for growth. If I can do that, then the following 12-18 months becomes important."

The next year will be a critical one for putting Spark on the map. We wish Tim every success.



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