



Metalshub: trading on experience

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The Metalshub trade platform is showing considerable growth less than a year from going live. We took a deeper look at the company to get a sense of how this has happened and what is next.

Metalshub is one of those quietly supercharged digital start-ups. You know the kind – you might read about its launch and simply be interested in the people and the thinking behind it. You don't hear a lot more until six months to a year later, by which time the company has built an impressive client list, closed an international financing and is in the middle of expanding from regional to global operations.

The Metalshub platform was launched in December 2017 for the trade of ferroalloys and associated metals by Dr Sebastian Kreft and Dr Frank Jackel. The first trade was concluded within three hours of going live, and growth has been continuous ever since. Within eight months, the portal had expanded to house hundreds of approved companies, connecting buyers and sellers with its ability to speed up counterparty and price discovery and therefore cut transaction time and cost.

Success of this kind flows from deep market experience and a grounded vision of how exactly to innovate in order to create and sustain growth. Kreft and Jackel perfected their trade while working for Anglo American. They knew from years of experience the time and effort it can take for big suppliers to deal with small or medium-sized customers and the inefficiencies this can cause. When they set out to develop Metalshub, they knew exactly which buttons to press.

The ability to display and discover product availability and discuss price and deal terms is the obvious basis of such a service, but the co-founders knew from experience that what eases the path to deal closure involves more than visibility. They therefore built freight and credit insurance functions into the service. As well as conducting know-your-customer checks to guarantee a safe trading environment, the platform can be used to arrange credit insurance with Metalshub partner Euler Hermes and offers

instant truck-freight quotes between any two points in the European Union.

The appreciation felt by users of Metalshub can be weighed by a perusal of the company's list of testimonials, but it can also be seen in the numbers. Trades concluded through the site now total around €12mn (\$13.8mn), with the majority of deals having been done over the last four or five months as membership has grown. And membership has grown considerably, exceeding 260 eight months from launch and including some of the biggest names in the industry.

Metalshub provides trade services for 10 categories of ferroalloys and associated metals and may add cobalt to its listings in the future. The platform has been at its 2.0 stage of evolution since August, and the company is in the process of expanding its software-development team in Dusseldorf, where it is headquartered, to push the site's features and efficiencies even further.

Software development is only part of Metalshub's current expansion plan. Following a successful funding round that brought €3mn in from Brazilian asset manager Chromo Invest and Berlin-based VC fund Point Nine Capital, the company is in the process of going global. Staff will soon be appointed in China and Singapore, and the involvement of Chromo Invest gives the potential for expansion into Latin America. In addition, the portal's Europe-focussed truck-freight calculator will be joined by an ocean-freight counterpart.

Physical commodities markets - and notably those for off-exchange products such as ferroalloys - have been slower than others to embrace digitalisation, but that is changing. Change is occurring because of companies like Metalshub demonstrating the greater efficiencies to be found in an online market environment. It is becoming clear, as these efficiencies multiply, that trade platforms are the commodities marketplaces of the future.



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