



# EnergyRisk

## Awards 2023

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Technology advisory  
firm of the year  
**KWA Analytics**

# Technology advisory firm of the year

## KWA Analytics

Boom and bust within energy markets isn't just a challenge for frackers. The collapse in energy prices at the onset of the Covid pandemic hit spending on energy trading and risk management (ETRM) IT infrastructure; this, in turn, saw a large volume of ETRM IT specialists leave the industry. With demand for system upgrades and new ETRM capabilities bouncing back in 2022, advisory firms are finding talent hard to come by.

"The drain of human capital from the industry has been a real challenge," says Fred Reimer, New York-based director of KWA Analytics, winner of *Energy Risk's Technology advisory firm of the year award*. "Finding the right combination of energy and technical skills that can support clients has become one of the biggest challenges."

It's a challenge to which KWA has devoted considerable effort. "We put our people first," says Reimer, referring to the "considerable flexibility" his firm offers in terms of working conditions.

"It's one of the lessons we learnt from Covid," adds Victor Yu, an executive vice-president at KWA in Houston. "People like remote working and that flexibility. We've tried to be accommodating to make sure that we're the employer of choice."

That effort is paying off. The firm's headcount increased by almost 60% over 2022 and is now approaching 200. But as well as flexibility, the firm offers its people "cutting-edge projects" to work on.

KWA Analytics provides a wide range of consulting services for trade lifecycle management to clients across energy markets. These services include ETRM implementation projects and vendor selection advice, as well as building bespoke in-house trading and risk management solutions for clients.

The value to clients of a firm such as KWA has increased due to the fragmentation of the ETRM IT market in recent years, notes Yu. "This is the result of the big consolidation of



Fred Reimer



Victor Yu



Richard Page

vendors a couple of years ago," he says. Since then, "there hasn't been a clear, dominant vendor system below the large ETRM players," he says. "Instead, there are several specialised or niche solutions."

"So, for our clients, it's a case of helping them navigate through these various solutions to find what might be fit for purpose," he says.

In addition, the energy transition is creating new challenges for ETRM systems to navigate. Richard Page, a London-based director at the firm, notes "huge investment" in IT infrastructure to integrate positions in renewable energy, energy storage and hydrogen into existing ETRM systems.

"Where clients have traditional ETRM systems in situ, there has to be some augmentation of that architecture to cope with new types of contracts," he explains. He gives the example of the data needed to support renewable energy contracts. "For a wind or solar farm, the system will need to capture forecasts from the operator, perhaps for the 10-year life of the contract, at hourly granularity or even less," he notes. This initial profiling of the contract will, along with actualised meter readings, need to be tracked and fed into the client's systems to ensure

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effective risk, trade management and settlement. In addition, he adds, there will be cases where the client won't have a balancing contract, meaning that the ETRM will have to handle additional data-centric contracts. "Data handling is key," he adds.

The clean energy transition – a process, notes Page, that has been accelerated by the war in Ukraine and Europe's efforts to replace Russian natural gas – has underscored the need for clients to develop ETRM systems that can adapt to new markets and rapidly increase in scale. "Many of these evolving markets are growth areas for our clients," says Yu. "This has challenged us to find flexible, 'future-proofed' technological solutions that can continue to support our clients' strategies." ■