LOOP ERP

WHITE PAPER · OPERATIONS

Why 7 out of 10 scrap brokerage firms never upgrade their systems

And why that's a problem

INTRODUCTION

The challenge facing scrap brokerage firms

Scrap brokerage is a fast-moving business. Brokers juggle commodity price swings, multiple trading partners, settlement discrepancies, and razor-thin margins.

With so much going on, it is no surprise that most brokerage firms are still running their businesses on the same spreadsheets and accounting tools they have used for years. But the world has changed. Trading volumes are higher, counterparties demand faster settlements, and regulators expect cleaner reporting.

Sticking with outdated systems may feel easier in the short term, but it quietly drains profitability, slows deal-making, and exposes your business to unnecessary risk.

ANALYSIS

Why don't brokerage firms upgrade?

REASON 01

"If it ain't broke..."

Many firms believe QuickBooks and spreadsheets work fine. But "fine" usually means manually entering contracts, reconciling deals weeks after they close, and no real-time view of margins. It works — until it doesn't.

- Manually entering buy/sell contracts into multiple systems
- Reconciling deals in Excel weeks after they close
- No real-time view of margins
- Scrambling to track settlements across emails and PDFs

REASON 02

Fear of disruption

Brokerage owners worry an upgrade will take too long, cost too much, or disrupt client relationships. But a platform built specifically for brokerage — like Loop ERP — connects directly to how you already operate, streamlining contracts, settlements, invoicing, and reporting without slowing you down.

REASON 03

Lack of time

Brokers are busy chasing deals, managing counterparties, and monitoring markets. The trap is that sticking with old tools wastes more time, not less. Upgrading buys back time, freeing brokers to focus on deals rather than data entry.

- Reconciling settlements manually
- Updating margin spreadsheets after the fact
- Tracking invoices and payments across emails
- Correcting errors that slip through

REASON 04

"We're not a tech business"

Brokerages are built on relationships, negotiation, and hustle — not technology. But technology has quietly become a competitive edge. Firms embracing modern systems are quoting faster, settling disputes with better data, and running leaner teams with fewer errors.

- Quoting faster
- Settling disputes immediately with better data
- Tracking real-time margins
- Running leaner teams with fewer errors

REASON 05

Budget concerns

Upfront cost is a common reason firms delay. But the hidden costs of legacy systems are far greater — mispriced trades, settlement errors, duplicate payments, and extra headcount just to reconcile books. Modern cloud ERPs like Loop ERP run on subscription pricing, offering faster ROI than manual systems ever could.

- Mispriced trades eating into margin
- Settlement errors causing disputes and delays
- Duplicate AR/AP payments with no netting
- Extra headcount needed just to reconcile books

RISK ANALYSIS

The hidden cost of standing still

If you're in the 70% who haven't upgraded, you're not alone — but you are at risk. Here's what's at stake when your systems can't keep up with your business:

- **Profitability** — Missed margins and slow settlements quietly eat away at growth.
- **Cash flow** — Payment delays pile up when reconciliations take weeks.
- **Compliance** — Audit and reporting requirements are only getting tougher.
- **People** — Teams burn out on busywork instead of focusing on trading strategy.

> KEY TAKEAWAY
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> *The cost of doing nothing compounds quietly — in lost margin, delayed cash, compliance exposure, and staff burnout. By the time the pain is obvious, you've already absorbed months of avoidable losses.*

BENCHMARK

What the other 3 out of 10 are doing right

The firms that upgrade aren't giant trading houses. They're smart brokerages who realized their systems had to evolve before their competitors' did. Here's what sets them apart:

- Managing all contracts, settlements, and invoices in one system
- Automating netting between AR and AP
- Tracking deal margins in real time
- Providing clean, auditable trails for every trade
- Scaling volumes without adding headcount

CONCLUSION

Upgrade without the overwhelm

You don't need to overhaul everything at once. Start with the pain that's slowing you down the most — whether that's margin tracking, settlement automation, or pipeline reporting. A system like Loop ERP can grow with your firm.

So if you're still on the fence, ask yourself: *How much are outdated systems really costing you?*

For most brokerages, the bigger risk isn't switching. It's standing still.

Ready to close the loop?

Loop ERP is built for scrap brokerage firms ready to grow beyond spreadsheets. Visit looperp.ai to learn more.