

# MARKET DATA VENDOR BUSINESS & REVENUES REVIEW

## 2022 REPORT

In a US\$50 Billion per annum marketplace, the Data Vendors play key roles in Capital Markets from price discovery to connectivity and supplying technology, yet they are very different beasts from one another.

In this report we analyse who is making money out of feeding financial market participants with data, and how they are doing it.

*Keiren Harris*



**SIX**



**ION**



**iress**



**MORNINGSTAR**



**Ice**



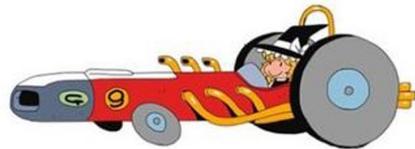
**S&P Global**



**REFINITIV**



**MSCI**



**FACTSET**



**TPICAP**



**Bloomberg**



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*Important note: The author has provided consulting services to one or more companies mentioned in this report*

*Sources: Annual Reports, Bloomberg, DataCompliance*

**Bloomberg**

**FACTSET**



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**REFINITIV**



**S&P Global**

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### 1.0 2021 IN REVIEW: DIFFERENT VENDORS, DIFFERENT REVENUE MODELS

The Top 9 vendors (down from 10 in 2020 because S&P Global bought IHS Markit) estimated revenues for all their business activities grew from in 2011 **\$24,279 Million** to 2021 **\$38,181 Million**, i.e. an increase of 57% over the period. From 2011 to 2021 we saw:

Businesses (ICE Data, MSCI & S&P Global/IHS Global) whose core services principally revolve around providing proprietary data, such as Evaluated Pricing, Financial Benchmarks, Indices, Credit Markets and Analytics saw their combined revenues grow from **\$7,590 Million** to **\$17,537 Million**, i.e. **131.1%**.

Vendors with a product suite built upon an aggregated model such i.e. Bloomberg, Factset, IRESS, Morningstar, Refinitiv (ex Thomson Reuters F&R), and SIX Financial saw lower revenue growth with combined revenues declining from **\$16,689 Million** to **\$20,644 Million** or **23.7%**

The big 2 super-vendors are now S&P Global and Bloomberg with the rest of the pack some way behind. Market fragmentation and the increasing presence of solutions providers like Broadridge, ION Trading and Options IT (which bought Activ Financial) in the data space could well open up Mergers & Acquisitions activity amongst this chasing pack.

### 1.1 LOOKING BACK 20 YEARS

It is worthwhile to quickly reviewing what changes have occurred over the last 20 years to provide perspective on the vendors' businesses going forward.

- Only Bloomberg and MSCI would look familiar as businesses. Bloomberg with its a strong terminal base, albeit then with more competition, and MSCI built around indices and analytics. Mergers, acquisitions, and failures had yet to radically re-model companies like Reuters/Thomsons (Refinitiv), Interactive Data (ICE), and McGraw Hill/IHS/Markit (S&P Global), while one of the industry pioneers, Telerate, was painfully navigating its final iterations
- The value of data IP was only just becoming recognised, as vendors built their products, services, and pricing models around feeds and distribution, not usage
- Importantly, exchanges, IDBs, and other data sources began to discover the value of their proprietary data and that they could charge vendors higher fees. This directly impacted the willingness of financial institutions to tolerate paying for multiple accesses to the same data on the desk, advantage Bloomberg

### 2.0 2021 A NEW MARKET LEADER

*All figures produced in this report are in US Dollars are based upon Bloomberg published FX rates on 29/03/2021*

The Top 9 vendors estimated revenues for all business activities grew from in 2011 **\$24,283 Million** to 2021 **\$38,181 Million**, a growth of **57%**

2021 represents a watershed year when for the first time since 2011 Bloomberg has not been the undisputed number 1 vendor by revenue (estimated **\$11,500 Million**) having been displaced by S&P Global (**\$12,947 Million**)

This passing of the baton sets the market data industry tone for the 2020s where datasets created around IP are perceived to have the greatest value.

At the other end of the revenue performance scale is LSEG's Refinitiv which was the largest vendor in 2010 (then known as Thomson Reuters) when it had revenues of **\$7,441 Billion** which has since declined to **\$6,250 Million (-16%)** in 2020 and **4,985 Million (-33%)** in 2021. The important difference between 2020 and 2021 is LSEG moving Refinitiv's electronic trading businesses into its mainstream trading venue business.

The vendors can be divided into 2 categories, whose core businesses are different, albeit there are significant overlaps:

1. Proprietary and IP based data vendors, offering services such as Evaluated Pricing, Financial Benchmarks, Indices, Credit Markets and Analytics. This financial information providers group includes ICE Data, MSCI, plus S&P Global.
  - From 2020 to 2021 these vendors combined revenues grew from **\$15,769 Million to \$17,537 Million** i.e. **11.2%**.
2. Data aggregators like Bloomberg, Factset, IRESS, Morningstar, and SIX Financial have seen revenue growth, however Refinitiv's revenue has declined in the last year due to the reasons outlined above
  - From 2020 to 2021 these vendors, including Refinitiv, combined revenues declined from **\$20,953 Million to \$20,644 Million** i.e. **-1.5%**.
  - From 2020 to 2021 these vendors, excluding Refinitiv, combined revenues increased from **\$14,703 Million to \$15,660 Million** i.e. **6.5%**.

Section 8.0 of this report briefly reviews of 21 major competitors to our Top 9 vendors, of which revenues are available for 14. While these rivals have other interests, such as media, or technology services outside financial markets, the combined revenues were an estimated **US\$17,217 Million**. This is a clear indication that not only is the market data industry diverse, it is also exceptionally competitive, with companies seeking larger pieces of an expanding pie.

### 3.0 TOP 9 VENDORS KEY EVENTS IN 2021

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- Completion of the S&P Global/IHS Markit merger which created a new market leader by revenue with combined income of \$12,947 Million compared to Bloomberg's estimated \$11,500 Million.
- Restructuring of Refinitiv by the LSEG with the departure of legacy management and focusing on data and analytics with trading businesses moved out. Refinitiv is treated as a standalone business.
- This is the first example of a combined exchange venue/market data business where the data side is larger than the venue

These 2 events demonstrate and emphasise the difference between IP based financial data services and aggregated data models

### 3.1 RELATED MARKET DATA KEY EVENTS IN 2021

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Outside of the top 9 market data vendors there has been interesting activity on both the solutions and data sides, which include:

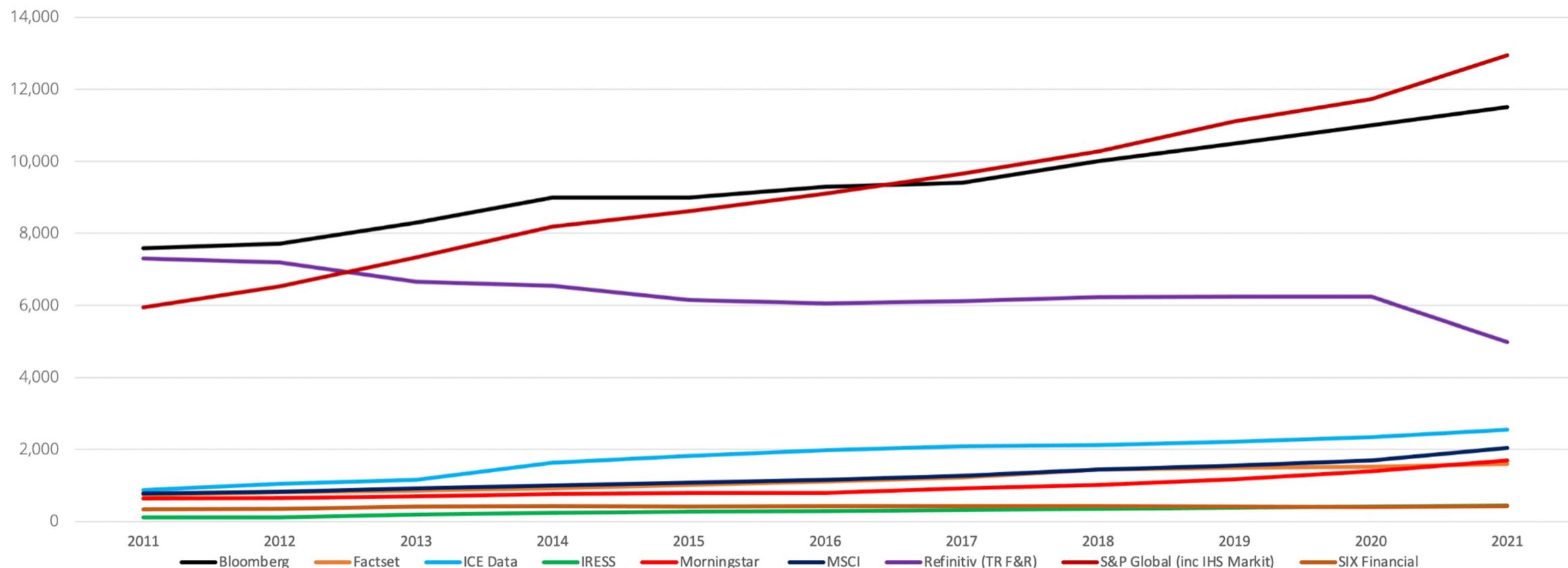
- March 2021 Broadridge acquires Itiviti (front-office trade order and execution management systems, FIX connectivity) for \$2,500 Million
- May 2021 Exegy (Low Latency Market Data, Trading Platforms, and Predictive Signals) announces merger with Vela Trading Systems (data and electronic execution technology)
- June 2021 ION Group completes DASH Financial Technologies acquisition (trading automation and analytics)
- October 2021, Options IT purchasing Activ Financial for an undisclosed price
- October 2021 TradingView, a financial information and social network platform raised \$298 Million in new capital valuing the overall business at \$3,000 Million
- More recently in February 2022 LSEG acquired Tora Trading for \$325 Million

All these mergers and acquisitions have one common denominator, data provision and usage by financial institutions

### 4.0 REVENUE HIGHLIGHTS & TRENDS

- Revenues are increasingly concentrated upon the 2 market leaders S&P Global and Bloomberg, yet the degree to which they compete with each other is limited. S&P focused on indices, credit ratings, proprietary data whereas Bloomberg is fixated upon its aggregated data business
- Throughout the 2010s Bloomberg has been the market leader with a market share remaining constant at +/- 30%
- Refinitiv's market share has dropped from 30% in 2011 to 13% in 2021 but the latest decline is due to LSEG moving trading revenue to different business units

TOP 9 MARKET DATA VENDORS REVENUE US\$M



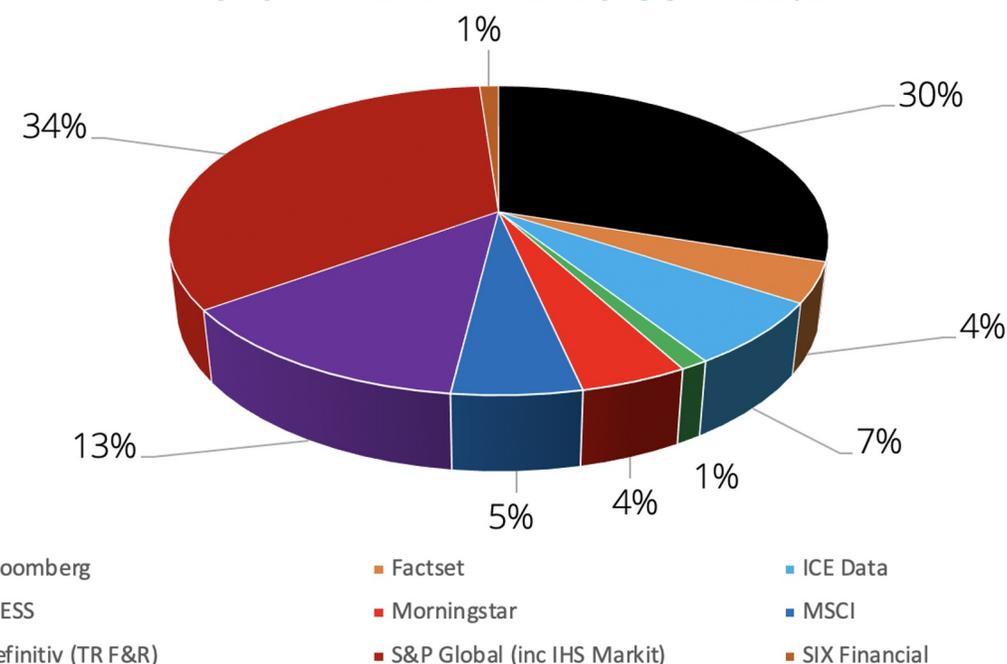
### 4.1 TOP 9 MARKET DATA VENDORS RANKING & SHARE 2021

- Fastest growing vendors services are based on proprietary data
- This creates high margin services which are hard to replicate, or displace
- The professional terminal business faces long term decline as DMA grows

Total Revenue of Top 9 Vendors:	<b>\$38,181 Million (Up 4% from 2020)</b>
Average Revenue:	<b>\$4,242 Million</b>
Vendors with greater than average revenue of 10%:	Bloomberg, Refinitiv & S&P Global (IHS Markit over 10% in 2020)
Bloomberg and combined S&P Global/IHS Market Share in 2020	<b>64% (+8% - an increase of 2% over 2020)</b>
Bloomberg and combined S&P Global/IHS Market Share in 2011	<b>56%</b>

Top 9 Revenue US\$M	2011	2021	% Change
Bloomberg	7,590	11,500	52%
Factset	727	1,591	119%
ICE Data	868	2,550	194%
IRESS	112	446	299%
Morningstar	631	1,700	169%
MSCI	781	2,040	161%
Refinitiv (TR F&R)	7,297	4,985	-32%
S&P Global (inc IHS Markit)	5,941	12,947	118%
SIX Financial	333	422	27%
<b>TOTALS US\$</b>	<b>24,279</b>	<b>38,181</b>	<b>57%</b>

TOP 9 MARKET DATA VENDORS SHARE 2021



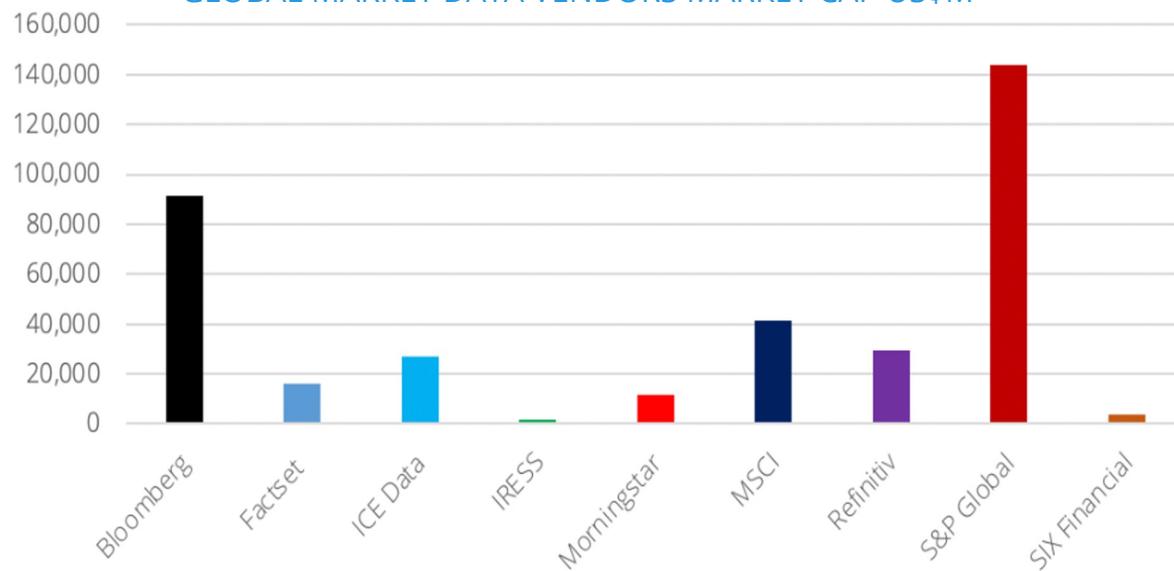
### 5.0 VENDOR MARKET CAPITALISATION

- Refinitiv continues to remain a goldmine of under-utilised assets, LSEG could divest non-core businesses turning them from cost centres into revenue generators. However splitting out Refinitiv's OTC brokerage businesses could open up new opportunities
- Banks pooling proprietary key data for OTC markets (if they ever manage to agree) could threaten Bloomberg and Refinitiv
- Proprietary data is still more highly prized than data aggregation
- Market Cap Bloomberg and SIX Calculated at 8 x revenues based upon average price/sales ratio of Factset, IRESS & Morningstar
- Market Cap Refinitiv & ICE Data based upon parent market cap x percentage of revenue of data services

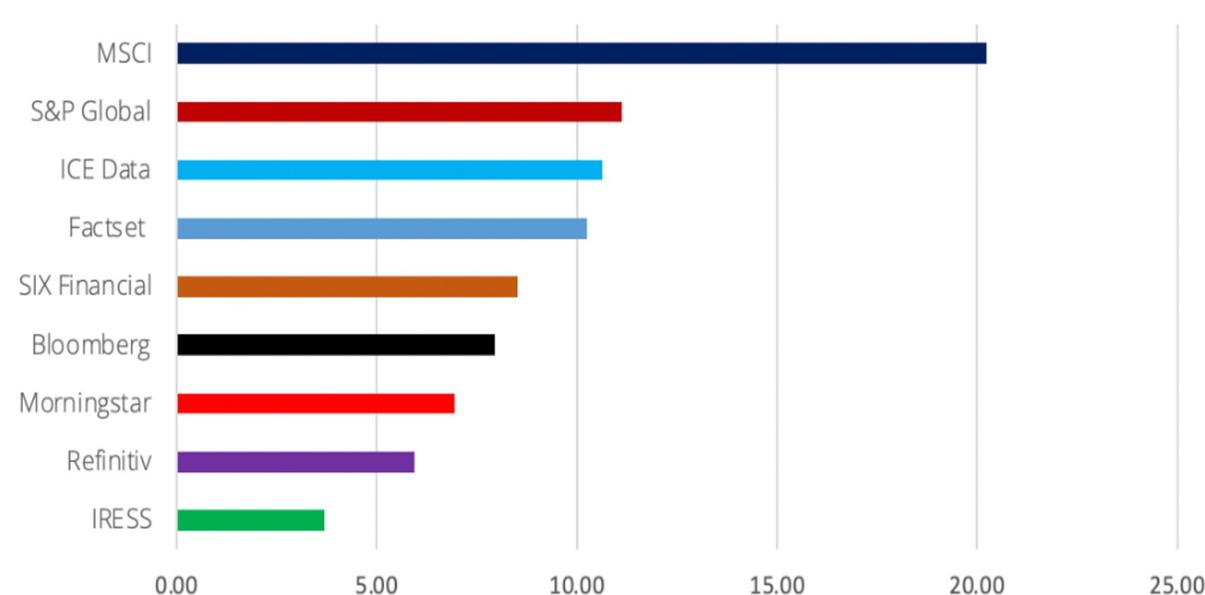
Total Market Capitalisation of Top 10 Vendors	<b>\$366,703 Million</b>
Average Market Capitalisation	<b>\$40,725 Million</b>
Average Price/Sales Ratio	<b>9.60</b>

Market Cap of 3 Proprietary Data Vendors <sup>1</sup>	<b>\$212,197 Million</b>
Market Cap of 6 Aggregated Data Vendors <sup>2</sup>	<b>\$154,506 Million</b>
<small><sup>1</sup> ICE Data, MSCI, &amp; S&amp;P Global</small>	
<small><sup>2</sup> Bloomberg, Factset, IRESS, Morningstar, Refinitiv &amp; Six Financial</small>	

GLOBAL MARKET DATA VENDORS MARKET CAP US\$M



PRICE/SALES RATIO



## 6.0 MARKET DATA BUSINESS TRENDS 2022

As stated in Section 1.0 since 2002 the vendors, with notable exceptions, have ‘regenerated’ more times than Doctor Who. It would be nice to say they this has been caused by management adapting their strategies, but sadly this has not always been the case. Ownership often changes hands, but the most important aspects have been the explosion in diversity in data and services on offer, the changes in technology that delivers them and the creativity of the data consumers in how they put data to work to make money. This has led smarter vendors to focus on specific segments and wherever possible create micro-monopolies. Consumers can access more data, in more ways, from more suppliers than ever before, and the trend is increasing, just look at the rise of ESG data. An intriguing problem vendors face is too much data, an environment where many small, specialist, and marginal sets just sit on the system, often high value, but hardly ever used. Bloomberg has started changing to distribute data on their platform, so data sources simply say No and seek out alternative channels, like the expanding Data Mall networks.

### Bloomberg

Bloomberg is unwaveringly consistent in strategy, terminals, terminals, terminals, and it has worked. They dominate the desktop market, supported by their B-Pipe feed and reference data/data licence products. All high cost, high margin, with clients often ignoring other solutions because they are not Bloomberg. The company has an unique corporate culture meaning the rare occasions Bloomberg buys other companies, successful assimilation does not necessarily ensue. The big question is where goes Bloomberg once Michael Bloomberg leaves the scene?

### FACTSET

Factset still goes under the radar, which is surprising given its strength in the research and analysts world. A smart pricing strategy of charging clients in tiers, the first few accesses high then getting progressively cheaper enabled Factset to expand rapidly within its client base. It is also has a high client retention rate. While continuing to develop and deepen its research and analytics services, in October 2021 they acquired Cobalt Software, also Factset ventured into Order Execution Systems buying Portware. Diversification built on analytics is the strategy.

### Ice

ICE Data Services, the legacy Interactive Data, has been re-organised over the last two years to focus more on its strengths. Moving away from real time products (though still an element) ICE has been building via multiple acquisitions a powerful position in evaluating pricing, reference data, and analytics. It has quietly developed micro-monopolies in fixed income markets and derivatives. While ICE exchange based businesses have moved back to the fore recently, ICE could well be on the look out for available data businesses in commodities and energy

### iress

Being Australian without an US presence, Iress is not a well known global brand, yet has a dominant presence in Australia, then acquiring bolt on businesses in Canada, South Africa and UK. Its strengths lie in trading platforms and building wealth management solutions, though for some reason also purchased low latency feed Quanthouse. 2021 was eventful for IRESS with Swedish PE company entering into, then walking away from a **AU\$2.3 Billion** buyout. 2022 could be the year Iress decides what kind of a company it wants to be. The wealth management and trading platform strategies together look somewhat schizophrenic.

## 6.0 MARKET DATA BUSINESS TRENDS 2022



Morningstar is not a typical market data vendor, yet its core services qualify it as a specialist data aggregator specialising in fund information, an industry with seemingly unlimited potential. Its strategy of building an index business, arguably the fifth largest globally after FTSE, Quontigo, MSCI, S&P, then buying Dominion Bond Rating Services creates high value IP based services that naturally complements the underlying funds business. Morningstar is unlikely to be a blockbuster buyer of other companies, but could well be attractive to a competitor like Factset.



Like Bloomberg, MSCI has maintained a constant strategy built around its index business and analytical services backed by ruthless protection of IP Rights. Acquisitions are designed to add value to core products, and MSCI has tended to avoid large deals or ones which went beyond either indices or analytics. However MSCI has diversified beyond equity markets into the OTC World, bought ESG data businesses like Carbon Delta and more recently entered the high value realty sector by purchasing Real Capital Analytics in 2021. More of the same can be expected.



After years of decline from market leader with 33% in 2010 to 13% in 2021, Refinitiv has found a home. LSEG has been busily re-organising the business, eliminating legacy management and deadwood to finally provide the company with a coherent strategy. Global presence and a still powerful presence within the largest institutions provides a firm platform, though it will take time to win back Tier 2s, Asset Managers, and smaller market participants. Refinitiv possesses a plethora of smaller specialist vendors in risk, compliance, data management which LSEG should unlock



Since spun off from McGraw-Hill, S&P Global has become the IP data powerhouse par excellence. Being one of the global oligarchs in the two highest margin data markets, indices and credit ratings has projected S&P to the number one position. The recent purchase of IHS Markit integrates a company very strong in the all important credit markets, eliminates a competitor while denying them to a rival. It is hard to identify S&P's next target, however a relative weakness in analytic services could be one that will be addressed going forward



Not having to worry about external shareholders is a luxury, which is just as well as SIX Financial has seemingly gone nowhere fast over the last decade with revenues remaining stagnant at just under **US\$400 million** pa. The selling of its **50%** stake in Stoxx to joint partner Deutsche Börse, looks in hindsight to have been a mistake. On the positive side SIX Financial has a wide range of high quality data assets, including evaluated pricing and a nascent RegTech business. While lacking a global strategy, SIX looks like focusing on high value specialist services as the way forward





### Expansion in Usage

1. More automation still drives data usage growth with increasing reliance on third party managed solutions
2. Financial firms to compete by data differentiation, especially in fragmented areas like ESG data sourcing
3. Growth in wealth management, HNWI, mass market usage but lower margins in these areas



### Data Assets & IP Ownership

1. Revenue premiums continue to gravitate further towards proprietary data and higher quality datasets
2. Vendors will come under pressure to be more compliant with their data sources (i.e. Exchanges' IP)
3. Global vendors need to exploit their own internal datasets better



### Technology

1. Financial institutions will pursue lightweight tech initiatives, avoid reliance upon legacy tech vendors
2. Data publishing and distribution technology vendors will gain advantage by opening up new data sources
3. Technology will blur the lines of where data is being used, who should be charged fees, and for what



### Cutting Out the Middleman

1. Exchanges and data sources are actively seeking to create direct relationships with clients
2. Exchanges and IDBs cannot afford to break the vendor relationship, at least for now
3. Increased presence of data malls and sources that avoid vendors' own distribution channels



### Mergers & Acquisitions

1. Mid-sized independent vendors will find it increasingly hard to compete unless part of a larger group
2. Technology and service providers (ION/Calypso) are likely buyers seeking content for managed services
3. Large digital businesses (Google/Microsoft) unlikely to be buyers until vendors expand beyond banks



### Reducing Revenue Leakage

1. Like the exchanges, revenue leakage is a major issue that is not being addressed
2. Sales are preferred to eliminating revenue leakage which just magnifies the issue
3. Index providers and original works creators have better IP enforcement than their aggregator peers



## 7.0 MARKET DATA SERVICES OUTLOOK 2022

Saturation. In 2022 it is estimated that at *least 2.5 quintillion bytes* of data gets produced each day (i.e. 2.5 followed by 18 zeros). If we are honest a lot of that is crap.

The harsh reality is the professional market data market hit saturation point for raw price data a long time ago, and a lot of the data which is delivered to clients does not get consumed by those clients. For instance, in statistical terms in 2018 Interactive Investor reported that there were **3.3 Million** Stock Indices globally covering **43,192** publicly listed companies, a ratio of **76:1**. What the vendors have to face is at the professional end of the market there is a finite user base.

The vendors strategies to move beyond saturation have been fourfold, though with varying degrees of willingness:

1. **Add value** to the existing data, through offering analytics, derived data, evaluated pricing, and benchmarks (despite the numbers out there, this is a desirable segment to be in. The first level strategy for vendors as well as data sources like exchanges and the interdealer brokers
2. **Demand led** offering of new products and services to existing clients (Consumers refuse to take products unless they have to). In the 2000s this included Credit Markets, CDSs and the more notorious CDOs. The last decade this has expanded to Regulatory driven data services for MiFID2, FRTB, and cast of thousands, as well as the topical ESG market. It is interesting that one of the biggest data growth areas of the 2020s, the murky world of CfD data has largely been ignored, even though this is developing into a very large market
3. **Developing new client usage services**. Entering or at least being suppliers to the managed services industry. Not the traditional data management and control segment but where financial institutions get their parties to process their data for smart order routing, margin and risk based trading applications, portfolio management, areas where the data consumer does not want to manage the process but supplies the parameters and then takes the resultant outputs
4. **Moving beyond financial institutions** to the lower margin but far larger mass retail market. Unfortunately, the vendors business models are not designed for this end of the spectrum, yet the democratisation of data gives the man in the street access to a range of information many professionals did not have 20 years ago. On the solutions side the Wealth Management industry as exploded over the last 5 to 10 years, especially in Asia where the new mass affluent numbers in the hundreds of millions, and these retail investors are very tech savvy spending substantial amounts of time online looking after their portfolios.

The 2022 vendor outlook is simple in approach, but harder in execution, the market is changing faster than the ability of vendors, and their own data suppliers to adapt. The long term (and often self serving) contracts which vendors rely upon have long been a millstone around the necks of their clients, could well prove to be a liability by preventing those very clients from themselves adapting to change in the financial marketplace.



### Aggregated Data Services

1. Professional terminals market stagnation (Bloomberg Invictus) balanced by competitive datafeed growth
2. Vendors face market fragmentation at the sourcing and consumption ends of the data workflow
3. New publishing tech allows data sources to bypass vendors and banks to transform data aggregation



### Evaluated Pricing

1. Usage of evaluated pricing to expand, and costs for consumers will increase
2. ICE Data and S&P Global/IHS Markit to maintain leadership in this segment
3. Financial institutions pooling data could have a significant impact on vendors' business



### Financial Benchmarks & Original Works

1. Competition to decrease in traditional index creation, benefitting FTSE Russell, MSCI and S&P DJI
2. Market expansion driven by index white labelling, specialist indices (ESG) and OTC benchmarks
3. Performance measurement and analytics will maintain high margins



### Analytics

1. The data battleground for the 2020s, no dominant vendor or analytics service providers as yet
2. Data sources, like exchanges, IDBs and independents to provide increasing competition to the vendors
3. Access to unstructured data and non-commercialised data will impact the vendors



### Risk & Compliance

1. Vendors are finding this a tough market, banks do not want to be reliant upon vendors for these services
2. Costs to develop these services, or buy in product, combined with low margins is unattractive
3. Growth will increase but hard to identify a vendor that is likely to gain an ascendent position



### Digital Mass Market

1. Financial institutions are data saturated, yet there is unmet demand from HNWI & mass digital consumers
2. Google, Microsoft, IBM, Alibaba, Tencent, potentially sit in the way of direct relationships to this market
3. Vendors currently do not possess the right business or pricing models to succeed in these markets



### 7.1 ESCAPING THE TECHNOLOGY TRAP 2022

In the 1990s, before they sold their network to BT, Reuters operated the second largest global network after the US Military. This is indicative of the dollar intensive infrastructure investment vendors were forced to make to deliver data and services to their clients. Even then, the financial institutions still had to buy their own servers, PCs, cables, software all supported by IT departments to deliver prices to the front desk.

Multi-million dollar investments in legacy tech that is not easy to replace still remain in situ and will continue to do so. In the network mazes that exist within most institutions, knowing what data goes where is hard to identify, so changing something in London has consequences in New York, Tokyo, Singapore and elsewhere.

This environment suited both the vendors and the big Banks. For the vendors it acted as a barrier to entry to competition (Banks once invested find it hard to change) while for the Banks it meant their smaller rivals could not afford both the infrastructure and the data they needed to participate except in the most liquid markets.

This changed with increased accessibility via the internet causing data delivery costs to drop. Then came the progressive elimination of high value infrastructure necessary to support it, Being able to hide high charges behind expensive software and hardware is disappearing fast, with the exception of Bloomberg with its mainframe based tech.

This presents a simultaneous challenge to the vendors and big banks. For the vendors it is causing multiple headaches:

1. Having to invest in the transition from legacy heavy tech to lightweight distributive and easily upgradable, flexible operating tech
2. Reducing the barriers to entry for competitors, which allows new style business models like Data Malls to stake a claim
3. As banks replace technology with more open architecture the need for proprietary market data infrastructure gets eliminated, and removes the dependency on the vendors for delivery, a crutch gets kicked away
4. As data becomes just a service, unencumbered by infrastructure the necessity for over-long contracts gets removed. This would place pressure on cash flows, though this ought to be a transitory issue, clients will not change data access without good reason. Even in an open environment this is painstaking work

This should be a liberating experience for the vendors, allowing them to reduce their own costs while at the same time focusing on what they ought to be good at, the provision of data, analytics and related services. This does require managements that understand what change is needed, rather than just parroting what people expect to hear and the industry conferences.

## 8.0 GLOBAL COMPETITION 2022

The global market for providing financial information, data analytics, news and other services goes way beyond the top 9 vendors we have focused upon in this report. The Market Data Guru database lists and categorises up to **4,000** different providers, and we know there are many more to add. These suppliers constitute a kaleidoscope of businesses, with many points of differentiation. Some specialise in specific segments, like trading technologies, or types of solutions, like wealth management, and applications for the retail market to access prices. or concentrate upon particular asset classes, especially fixed income, many more especially local vendors start with domestic equities, add trading connectivity, then supply their own proprietary news, or started as news agencies before branching into market data, following Reuters footsteps.

This report section takes a brief look at just some of the established and emerging market data businesses that the big players have to contend with, and some are substantial companies in their own right.

What we are looking for are points of differentiation, and where these create a competitive waves. We have categorised them into four segments:

1. **Market Data Vendors on the Atlantic Rim.** Including CQG, Exegy, CMA, DevExperts (DX Feed), and InFront
2. **Market Data Vendors in Asia.** Including Da Zhi Hui (DZH/Great Wisdom), EastMoney, HiThink Hexin Royal Flush, Wind Information, Koscom and Nikkei/Quick
3. **Financial Websites & Services.** Including Barchart, Investing.Com, MarketWatch, TradingView and Yahoo Finance
4. **Technology Based Service Providers.** Including Broadridge, Ion Trading, Options Technologies, Hundsun Technologies and NRI

What is immediately noticeable about this group of 21 companies, is that only 5 are listed, DZH, EastMoney, Hexin, Hundsun and NRI, 2 do publish accounts, Koscom & Nikkei/Quick, MarketWatch is part of News Corporation, Yahoo Finance is owned by Verizon, and all the others are private enterprises.

We therefore advise the reader that any statistics and information relating to any company which does not make their data publicly available is checked before further use.

8.1 GLOBAL COMPETITION 2022 MARKET DATA VENDORS ON THE ATLANTIC RIM



While many of the original pioneers like Reuters, Bridge, Interactive Data, Knight-Ridder, Telerate, Thomson and others have long since bit the dust or now a division of a larger organisation, there has always been a place for a good old fashioned market data vendors. CMA has classic roots growing out of a news agency, Agência CMA, and the 2 European vendors we review are not located in a major financial centre, Infront is Norwegian, and DevExperts can be found in Munich.

Of these 5 vendors, only CQG is a truly global company, and Exegy is on the cusp of going global, however each one is able to compete vigorously with their larger rivals through specialisation, CQG (Futures), Exegy (Options), CMA (Commodities), and DevExperts & InFront regional coverage. While not necessarily able to provide equivalent coverage, their pricing can be attractive

All figures US\$ Millions

Company	Website	Location	2021 Revenue	Market Cap
CQG	<a href="http://www.cqg.com">www.cqg.com</a>	Denver	\$70M+	Private
Exegy	<a href="http://www.exegy.com">www.exegy.com</a>	St Louis	N/A	Private
CMA	<a href="http://www.cma.com.br">www.cma.com.br</a>	Sao Paulo	N/A	Private
DevExperts	<a href="http://www.devexperts.com">www.devexperts.com</a>	Munich	>\$70M	Private
InFront	<a href="http://www.infrontfinance.com">www.infrontfinance.com</a>	Oslo	126	Private

Notes 1. We believe the CQG revenue figures to be far too low, and the source to be incorrect

### 8.1 GLOBAL COMPETITION 2022 MARKET DATA VENDORS ON THE ATLANTIC RIM

If we seek threads amongst these (and other vendors) the main strand is easy to spot, *provide data* → *bolt on analytics* → *add on trading connectivity*. This steady progression is logical especially once core data services hit lower incremental margins. We can see this process continuously repeated when reviewing these vendors.



CQG has long been a feature of the futures trading and price discovery market, based around comprehensive analytical functionality. First moves to expand its business was partnering with 80 brokers around the world for connectivity. Recently CQG has invested heavily in expanding cloud based access, trading connectivity (the MT5 gateway to CQG will greatly increase access to brokerages and retail customers) and branched out into other markets, particularly Foreign Exchange and Crypto. This strategy will raise CQG's future value by growing market reach



In many ways Exegy shares similarities in strategies with CQG, though starting from a more traditional market data foundation and a more cash equities base that has since expanded into derivatives. The key similarity is using data as the gateway to trading and execution via exchange DMA, SEFs, and automated venues. The purchase of Vela T&T has been an important facilitator to achieve this, and now by buying Enyx expands its trading and analytics portfolio, and allows Exegy to offer its products as managed services, one of the most important future marketplaces



Brazilian CMA is the global vendors largest Latin American competitor in the traditional space offering price information, analytics via terminals and data feeds to regional institutions. Via Safras, CMA offers something its competitors cannot, indepth trading access and coverage of some of the world's largest agricultural markets, including primary transaction data, and the first cash Soybean index, partnering with CTDI. CMA will not be venturing beyond Latin America and its important US market soon, but represents a belief there is a solid place for quality local vendors



DevExperts started as a software and solutions prover for trading platforms and brokerage automation, and has a global presence to support their clients using them. This evolved into providing the data to power the trading applications which now encompass multiple asset classes and wealth management. The logical development was to eventually offer a fully fledged datafeed (DXFeed) that has picked up brokerage clients like Etrade and Ameritrade. DXFeed has been competitively priced to attract the more price sensitive data consumer, especially in Europe.



Norwegian Infront like DXFeed competes on price with the large vendors specifically in Europe where they have **3,600** customers with **90,000+** users. The strategy is data plus trading connectivity based around terminals and feeds. The company has been acquisitive buying in order News Agency Direkt, Infinancials, TDN Finans (South Africa), Inquiry Financial, Market Connect Italy, VWD Group (which transformed revenues), NB Trader and Oslo Market Solutions. In 2021 Inflexion took Infront private. More likely to be bought than a buyer it would add European presence

8.2 GLOBAL COMPETITION 2022 MARKET DATA VENDORS IN ASIA



China, Japan, and Korea represent one of the few areas of the world where local vendors compete head on with the big vendors offering a full premium services with multi-asset class coverage. One cannot avoid the cultural challenges of doing business here, but the sophistication and size of these markets, with access to advance technologies provides a solid foundation to compete.

Where in other markets large US and European financial institutions have overwhelmed domestic competitors, their Chinese, Japanese, and Korean counterparts have more muscle. These institutions, and Westerners buy local because they also get a greater depth of markets than the global vendors usually provide. These regional vendors are not small companies either.

All figures US\$ Millions

Company	Website	Location	2021 Revenue	Market Cap
DZH	<a href="http://www.gw.com">www.gw.com</a>	Shanghai	129	1,675
East Money	<a href="http://www.eastmoney.com">www.eastmoney.com</a>	Shanghai	1,213	45,928
HiThink Hexin R	<a href="http://www.10jqka.com.cn">www.10jqka.com.cn</a>	Hangzhou	551	6,707
Wind	<a href="http://www.wind.com.cn">www.wind.com.cn</a>	Shanghai	154	Private
Koscom	<a href="http://www.koscom.co.kr">www.koscom.co.kr</a>	Seoul	286	KRX 76.63%
Nikkei	<a href="http://www.nikkei.co.jp">www.nikkei.co.jp</a>	Tokyo	1,466	Employees
Nikkei/Quick	<a href="http://www.quick.co.jp">www.quick.co.jp</a>	Tokyo	265	Nikkei & Others

Notes 1. Wind revenues are an estimate 2. Koscom revenues based figures calculated from KRX 2020 report 3. Nikkei's primary revenues are from media 4. Quick is majority owned by Nikkei

### 8.2 GLOBAL COMPETITION 2022 MARKET DATA VENDORS IN ASIA/CHINA

When the market data industry is discussed and analysed, the Asia Pacific region often just seems to be an afterthought. True the pervasive presence of the global vendors, especially Bloomberg and Refinitiv, along with MSCI, and S&P Global gets a nod but the existence of vibrant and cutthroat local markets goes unremarked. For instance, and covering everything from exchanges, other data sources, to FinTech to data, Market Data Guru ([www.marketdata.guru](http://www.marketdata.guru)) lists entries for China (122), Hong Kong (110), Indonesia (23), Japan (105), Korea (41), Malaysia (31), Singapore (85), Taiwan (19) and Thailand (25). This totals 561 entities in the data space of one form or another.

China is APAC's largest market for data services (US\$2,047 Million in 2021). Starting as old-style data vendors they fast realised trading connectivity was the way to go



East Money Information operates a financial information website in China to deliver data, news and tools to provide transaction services. At first a traditional market data vendor, it began transitioning to its current form by developing a hybrid data portal/digital media platform before launching 'EastMoney Securities' to transact trades on behalf of its retail clients. This is the differentiator between East Money and equivalent western data to trading vendors, instead of offering channels to multiple brokers it exclusively feeds its wholly owned brokerage.



Uniquely, play cards denote an employee's position in the corporate hierarchy, with the Chairman holding the 'Ace of Spades'. Hexin/HiThink trod a similar path to EastMoney from data vendor to opening its own brokerage transacting for its retail clientele. Hexin uses online transaction terminals and websites as platforms feeding financial information, data and analysis services to securities markets investors on three offerings. 1. Free PC services 2. Premium PC services 3. Personal Electronic Devices solutions. The company claims 50+ Million registered users



DZH/Shanghai Great Wisdom, is with Wind, one of the two leading local traditional market data vendors. They have trod different paths in certain respects, DZH has been more acquisitive and adventurous buying vendors in Hong Kong (AASocks), Singapore (NextView, now DZH International), and locally FinChina, and FinChina's Japanese subsidiary. Like Wind, DZH caters to local financial institutions and the retail market. More recently DZH has developed and offers trading systems and access. Unlike Wind, DZH is listed on the Shanghai Stock Exchange



Wind Information is one of China's leading integrated service providers of financial data, information, and software, serving 90% of the financial enterprises in the Chinese market, and 70% of Qualified Foreign Institutional Investors (QFII). Wind has developed financial databases to complement terminals and feeds and currently enhancing its professional analysis software and application tools for information indexing, data capture and analysis, and portfolio management. Wind has never been an acquisitive company and taken only small steps offshore

## 8.2 GLOBAL COMPETITION 2022 MARKET DATA VENDORS IN ASIA/JAPAN & KOREA

Japan and Korea are Asia's two most sophisticated markets. China may be larger in size, however the lack of openness and a managed approach to the development of trading in certain asset classes (foreign exchange, commodities) and derivatives (when analysed closely this does make sense) is limiting a deepening of the Chinese market to match those of Japan and Korea.

Bloomberg, MSCI, Refinitiv, S&P Global are the main global vendors with a substantial presence in Japan and Korea where in both countries local vendors play, though each one does not possess the deep dive datasets of a Koscom, or Nikkei/Quick. At one point Refinitiv's predecessor Reuters did, but rid themselves of it. The other limitation to access by any overseas entity is except for very marginal players, no Japanese or Korean market data firm will be up for sale any time soon.



Korean Securities Computer Co, is a **76.63%** owned subsidiary of KRX and developed the trading systems for the exchange and a wide range of market data services as agent of KRX. It is the dominant data and trading force in the local market, and exported systems to exchanges in Azerbaijan, Cambodia, Laos, Malaysia, Thailand, Uzbekistan & Vietnam, often with KRX taking equity stakes. The data business is firmly local and charged at premium rates. Despite intermittent talk of an independent listing, nothing has eventuated. Koscom to remain domestically focused



Employee owned Nikkei Inc is one of the great media companies, owning the world's number 1 financial newspaper 'The Nikkei', the Financial Times plus Nikkei's own newswires. Interests include Television stations, the majority stake in Quick Corporation, and a range of market data services including Indices (Nikkei 225 benchmark), Tokyo Term Risk Free Rate, Rating & Investment Information Inc, and Nikkei Needs economic and reference data services. Nikkei and Quick work closely to buy stakes in overseas data vendors like N2N Connect, Stoxxplus and Xignite.



Quick is Japan's leading market data vendor with fortunes closely tied to Nikkei and large Japanese banks. Although terminals and datafeeds remain at its heart, Quick has diversified significantly over the last few years, especially in personal finance, wealth management, and CRM solutions for clients catering to these markets. Quick has become increasingly innovative in developing new alternative and ESG data products like Smacom, KDDI Location Data, Honda Drive and I Know First, making it harder for global vendors to compete in Japan

Reasons why global market data vendors, actually sellers from any industry, struggle in Asia are not hard to find beyond the protectionism that exists. These include 1. Believing Asian markets work the same way as their western counterparts, then thinking they want the same things, 2. Treating Asia as a single market, it is not, there are good reasons why there is little cross border M&A activity. 3. Not understanding how big the market is, not by size, but geographically, Hong Kong which sits in the middle is still 4½ hours from Peking, Singapore or Tokyo. Chicago to New York it is not. What happens is sellers entering the market lose focus and fritter away resources, and finally 4. do not properly research or resource their efforts. The region offers opportunities, even in the market data space, but need to tread well.

8.3 GLOBAL COMPETITION 2022 FINANCIAL WEBSITES & SERVICES



This is the Moreton's versus MacDonald's decision. For the market data equivalent of a Moreton's Steak one gets a Bloomberg terminal, if the beef required is cheap, gets you fed, then these financial services websites will do the job fine, and reach a far larger market. The retail market in the US alone was expected to spend US\$1 Trillion on stocks by the end of the 2021.

These companies represent a barrier to the traditional vendors seeking to enter the mass retail market, and an alternative trading route for brokers looking to grow their business. TradingView is building a case study in exactly that. These financial websites are already disintermediating the vendors by going directly to sources, and while primarily a broker, Interactive Brokers is doing exactly that.

Financial information websites are increasingly acting as a channel for trading, either to an in-house brokerage, or allowing the retail investor to select from several brokerages depending upon the preferred market that person is interested in.

All figures US\$ Millions

Company	Website	Location	2021 Revenue	Market Cap
Barchart	<a href="http://www.barchart.com">www.barchart.com</a>	Chicago	N/A	Private
MarketWatch	<a href="http://www.marketwatch.com">www.marketwatch.com</a>	New York	N/A	375
Trading Economics	<a href="https://tradingeconomics.com">https://tradingeconomics.com</a>	New York	N/A	News Corp
TradingView	<a href="http://www.tradingview.com">www.tradingview.com</a>	London	N/A	3,000
Investing.com	<a href="http://www.investing.com">www.investing.com</a>	Tel Aviv	N/A	Verizon

Notes 1. Investing.com market cap is the sale value to Fusion Media in Feb 2021, and 2. TradingView is the implied value from Series C Fund Raising in Sep 2021

### 8.3 GLOBAL COMPETITION 2022 FINANCIAL WEBSITES & SERVICES

From providing data only these websites are moving up the value chain to act as connectivity agents for brokers. The rationale is simple these websites hit far more people than any single broker and by channelling to multiple brokers provide choice. Whereas there are around **350,000** Bloomberg terminals, Investing.com gets over **100** times the number of users. For competition it is far easier for financial information websites to move up the food chain than the pro vendors to climb down

**barchart**

Barchart is the granddaddy of financial websites, yet with a traditional market data flavour in terms of products and services offered, firstly its suite of multi-asset class price data, with a particular emphasis on commodities (started in Chicago after all), backed by charting and analytics, then taking the obvious route into offering trading connectivity in the futures, equities and FX markets. Barchart's range of clients, unlike most other vendors discussed here, transcends the professional and retail ends of the investing community. Requires capitalisation to develop.

**MarketWatch**

One of the original financial news websites from the 1990s, MarketWatch now resides in News Corporation's Dow Jones stable of businesses. The website provides the usual staple diet of free news, price data, and personal investment tools. In 2020 MarketWatch announced it was introducing a paywall for specific services, i.e. exclusive content, indicating move towards a greater free information/paid information strategy. As for all financial websites charging for information free elsewhere is not going to work, so proprietary IP based services are the only option

**TRADING ECONOMICS**

Primarily an economics website, the company has expanded into equities, forex, fixed income, commodities, and crypto generating 1 billion page views from 200+ countries. Revenues are **40%** recurring subscriptions, **40%** API sales and **20%** site advertising. Trading Economics somewhat hopefully advertises itself as a competitor to Bloomberg, and would be better off focusing on the HNWI and mass affluent market which wants data but will not pay for professional access. The website actively seeks investors

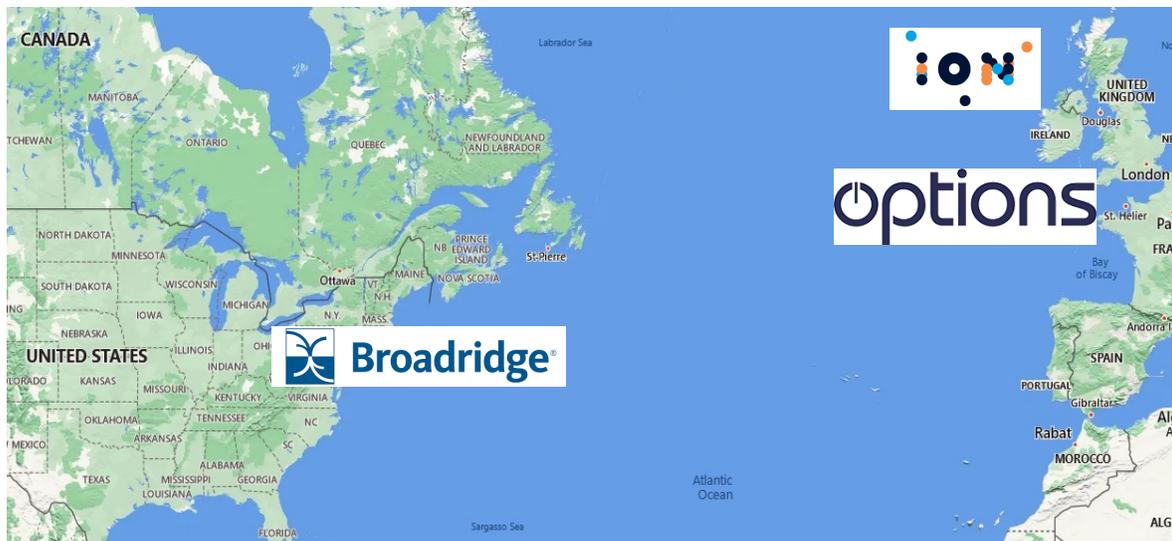
**TV TradingView**

TradingView are the type of future vendor the majors ignore at their peril. Valued at **US\$3,000 Million** after their 2021 Series C fund raising they are focused on providing brokerage connectivity backed by data, charting and insights aimed squarely at the retail market. Their website reported a **400%** jump in membership accounts and a **237%** increase in visitors in 18 months from 01/01/2020. Clients and partners trade in Equities, Foreign Exchange, Fixed Income and derivatives include blue chip name Interactive Brokers, Saxo Bank, Oanda, FXCM, and CQG

**Investing.com**

Investing.com is the classic financial website which is now tying up with brokers to offer direct transactional services across equities, forex, fixed income, commodities, indices, CfDs and crypto via a proprietary application. On the data side alone it covers **250** exchanges, **300,000** instruments used by **46 million+** monthly users in **400 million+** sessions, available either free of charge or as part of a paid premium service. Partners include CMC, FXCM, IG, Interactive Brokers, Plus500, Swissquote. In 2021 Fusion Media bought Investing.Com.

### 8.4 GLOBAL COMPETITION 2022 TECHNOLOGY BASED SERVICE PROVIDERS



While many vendors have started in data then taken the route towards offering related technology based services such as trading platforms, investment decision, risk and portfolio management tools, these 5 vendors represent companies that have moved in the opposite direction.

Instead of defending their home turf they have taken the fight to enemy territory. Although prosaic the strategic truth is that their businesses rely upon data to function, so instead of either them or their clients buying in data to populate their systems, why not cut out the middle man and widen the client base at the same time?

As managed services displace user managed services, the logic of this approach becomes ever more clear, and advantageous to provider and client.

All figures US\$ Millions.

Company	Website	Location	2021 Revenue	Market Cap
Broadridge	<a href="http://www.broadridge.com">www.broadridge.com</a>	Lake Success, NY	4,934	16,033
Ion Group	<a href="https://iongroup.com">https://iongroup.com</a>	Dublin	2,226	IIG in Dublin
Options Technology	<a href="http://www.options-it.com">www.options-it.com</a>	London	49	Private
Hundsun Technologies	<a href="http://www.hundsun.com">www.hundsun.com</a>	Hangzhou	863	8,565
NRI	<a href="http://www.nri.com">www.nri.com</a>	Tokyo	4,816	15,950

Notes 1. Options Technology revenues year end 2020 & 2. ION Group revenues year end 2020 under Irish based holding company Ion Investment Group

#### 8.4 GLOBAL COMPETITION 2022 TECHNOLOGY BASED SERVICE PROVIDERS

The combined revenues of these 5 vendors for their last reported accounts totalled **US\$12,888 Million**, and the 3 listed companies (Broadridge, Hundsun & NRI) have a market cap of **US\$40,549 Million**. As already stated these companies started primarily as technology solutions providers to financial institutions and since made the transition to offering market data services, usually by acquisition, especially Broadridge, ION and Options Technology.



Broadridge is the odd man out in this report in two ways, 1. The company's clients are both from Capital Markets and General Industry, and 2. It is still more of a technology than a data business, though with its growth in managed solutions this is changing and Broadridge also offers funds data/business intelligence services. Broadridge firmly moved into the vendor and financial technology space by acquiring Itiviti, now its Trading & Connectivity Solutions unit which fits into the existing post trade services portfolio. Future forays into front office trading to be expected



ION's strategy is growth through acquisition. This started in 2008 buying Rolfe & Nolan, continuing apace in front to back office systems by Wall Street Systems, PAT Systems, and Triple Point Technology amongst many others. On the market data and trading side in 2017 Dealogic was recapitalised, followed by two big purchases 2018, Fidessa for **US\$2,100 Million** and Acuris a data analytics firm for bonds, equities, compliance, infrastructure & research, **£1,350 Million**. This continuing trend will see ION increasingly compete head to head with the market data vendors.



Although small at the end of 2020 with revenues of **US\$49 Million**, 2021 was transformational for the company, firstly by acquiring Fixnetix the data and outsourced front-office trading services firm from DXC Technology, and later Activ Financial the datafeed vendor with its estimated **US\$60 Million** in revenues. Building on internal growth from providing trading infrastructure to financial institutions Options Technology will be seeing **US\$200 Million pa** sooner rather than later. Options Technology showcases the managed services/data model, a harbinger for the future



Hundsun is one of China's leading financial technology companies with a particular emphasis on asset management tools and fund data services, then expanding out to encompass front to back office solutions. While acquisitive within China, it did buy Hong Kong based Ayers from DZH, although future purchases outside the mainland proper currently look remote. The business strategy is technology driven with a data overlay where it fits, and Hundsun has subsidiaries in Japan and the US. Jack Ma of Alibaba is Hundsun's largest shareholder.



NRI is a technology and data company first and foremost. It is the leading supplier of front to back office solutions for the asset management (T-Star) and securities (I-Star) markets in Japan, combined with its sourcing of data off the Nomura front desks for fixed income and other OTC markets cements an almost monopoly position. While NRI is an absolute behemoth in its own domestically, they do not travel well, their systems are expensive and not readily adaptable for offshore markets. A formidable competitor in Japan, they struggle overseas.

## 8.5 GLOBAL COMPETITION 2022 SUMMARY: IS THERE A THREAT TO THE GLOBAL 9?

At this point the answer is yes and no. These competitors may be tough, but they are not existential, their inconvenience is limited to specific markets, and for the traditional market data vendors that is regional in nature, especially the large Asian vendors which have had little success going offshore. In contrast, and with far more long term effects, the financial technology, especially in what we believe to be a critical offering, third party managed services.

However, and there is always a however, the financial websites are likely to provide the catalyst for change. There is little real competition now, their services are too low margin to interest high margin, high cost big vendors. Yet they exist in the fastest growing industry segment, possesses a magnetic attraction to investors willing to give them high valuations as start ups (and well capitalised companies have more options) or like MarketWatch and Yahoo Finance have parents with very deep pockets. Watch this space!

Nobody has the resources to build a direct competitor, there is little point in re-inventing the world, so the only other option is to buy. For these direct competitors the amount of time, and effort required to continuously invest in bolting on new businesses is not worth the effort. That leaves one of the competition buying a global vendor, and they either do not possess the financial firepower to acquire a global vendor with the potential exceptions of Broadridge and ION, and then it would be at the small end of the spectrum.

## 8.5 GLOBAL COMPETITION 2022 SUMMARY: IS THERE A THREAT TO THE GLOBAL 9?

### Likely Scenarios

1. Future consolidation is restricted to deals between Factset, ICE Data, MSCI and Morningstar, larger vendors are likely to be prevented from such deals, though a blockbuster Bloomberg/S&P tie up would be intriguing
2. The technology providers could see CQG and Exegy as being complementary to their existing businesses so creating genuine new competition to the global vendors, and these companies' portfolio of trading products and connectivity could fit very nicely, but they are privately owned.
3. A large vendor gets smart and buys into a standalone financial website while they can still get a good price. That gets them into the HNWI, mass retail market
4. The parents of a financial websites with heft, News Corporation, Verizon, decide to move upstream in financial information, or companies like AT&T, Comcast, Google, or Microsoft (which did have talks with Thomson Reuters) spot an opportunity to buy a vendor to build out news and cloud based services
5. Outsiders with an existing interest in financial markets with muscle, like the largest exchanges want to follow the LSEG route, and their interest could well be Factset, MSCI and Morningstar from the global vendors, and CQG and Exegy from the contenders. Based on past experience, the exchanges tend to limit their exposure to financial technology infrastructure, so with the exception of Options Technology might continue to avoid these types of businesses

### 9.0 BUSINESS IMPACTS & ISSUES 2022

While Covid 19 has had wide ranging impacts it has not changed even the short term underlying trends in the market data vendor business, though has added impetus to data automation.

What we can ascertain is:

- M&A between vendors has been vertically driven rather than horizontal, such as Options IT buying Activ Financial
- This is likely to increase if the globalisation of market data stutters or even stalls
- Vendors prefer to buy in new business than to develop inhouse (logical) but do not seem efficient in leveraging their acquisitions well
- The focus is more likely aiming to create micro-monopolies in certain strategic areas (ICE/Evaluated Pricing, Regulatory Data) by acquiring specialists and building a critical mass from the ground up
- ESG data has now gone mainstream which vendors have picked up at least rhetorically if not in practice. Unfortunately, ESG data by its nature and high degree of fragmentation does not fit easily into the traditional market data vendors business models
- Data Malls and API driven aggregation are becoming increasingly attractive as alternative distribution channels to data sources and data buyers. Exchanges like NASDAQ through buying Quandl see this not only as a new channel to existing clients, but also as a channel to a new client base. At the moment most exchanges offer their own data via their websites, but it is somewhat inevitable for them to see the logic of expanding to include third parties
- The emergence of the likes of Crux, IEX, and Yipit Data provide outlets not limited to a vendors' universe of users and for consumers to subscribe to specific datasets without the onerous terms required by a traditional vendors' contract
- New data sources are gravitating away from the main vendors and towards direct selling or leveraging data malls. Why? Because vendors like Bloomberg are making it harder for new data sources to place their data on the Bloomberg systems.

### 9.0 BUSINESS IMPACTS & ISSUES 2022

Why is the lack of onboarding new data sources such a problem for vendors?

1. Onboarding new data sources is becoming more costly for relatively little incremental revenue benefits to the vendor, either perceived or real
2. This is exacerbated because the vendors have so much data in their systems it makes it hard to either promote new data or search for it on the system
3. New data sources, for instance the increasingly popular and influential ESG market, provide data and models which are not suitable for vendors to take advantage of
4. Vendors introducing charges for distributing data (rather than paying to distribute it, like they do with exchanges) makes it unattractive for new data sources to distribute their data via the vendors, and make them actively search for alternative routes to markets
5. New data sources often have inappropriate or poor business and pricing models making it unattractive for the vendors to carry the data

What can be seen is that this is not always the vendors' fault, data sources need to be more realistic with how they view the market. Better engagement between vendors and sources would help, but vendors need to strongly reconsider their content strategies to switch from being reactive to taking more proactive approaches.

In 2022 there are obvious threats to the business of market data aggregation (not for IP based businesses) though these can be readily mitigated with the right strategies

### 10.0 CONCLUSIONS: BUSINESS GROWTH IN 2022

Overall, the challenges for market data vendors are going to increase, thanks to the threat of disruption to global economies, and regions like East Asia which once were anticipated areas of growth in capital markets unlikely to see earlier optimism realised, at least not in the short term.

- The presence of the super-vendors, S&P Global and Bloomberg has created clear daylight between themselves and the other global vendors in terms of product offerings, 'sticky' presence within their clients' digital environments, and most crucially the ability to place and maintain premiums on the fees they can charge
- For the other smaller global vendors that are not part of a group (ICE Data/ICE and Refinitiv/LSEG) the pressure will grow either to find a new home (look at ION Trading's growth) or to engage in peer M&A where the synergies are either not readily apparent or simply not there
- Large financial institutions have reached data saturation and they are not using the data they have efficiently because the vendors are delivering data that they do not need. However disaggregating data from the vendors brings its own problems, including a different type of inefficiency because data that may not be needed now could well be required in the future, as well as increasing costs unnecessarily
- Vendors will need to get outside their comfort zones and embrace new markets like third party managed data solutions, Wealth Management, and mass market distribution
- This requires new business and pricing models the vendors are not prepared for at present because it involves moving from '*Moreton's to MacDonald's*', i.e. premium, high margin steak, to low margin, mass market hamburgers.

### MARKET DATA GLOBALISATION UNDER THREAT

One problem that hopefully will not be inevitable is the threat to market data as a global commodity, when geopolitical actors (which need not only be states) realise the strategic impacts of data in capital markets. This ranges from leveraging regulation to protectionism to manipulation. All market data vendors rely upon access, to data and markets. If denied this has consequences. Rigging the game is not new, in fact it was quite prevalent until the 1990s, the danger is a comeback.

### 10.1 CONCLUSIONS: BUSINESS TRENDS IN 2022

There are four clear trends for the vendors:

1. As in 2022 the market data value proposition is being propelled faster towards IP driven businesses built around proprietary data, indices and analytics and away from traditional aggregators. This can be seen by the greater market cap accorded to exchanges, index creators and proprietary data owners than straight data vendors.
2. New data sources are not going to automatically try and get data onto the vendors' platforms, they are seeking other more direct channels, which provides another direct threat to the vendors through disintermediation.
3. Data Malls and data aggregation APIs are a medium term threat to vendor revenue growth by being successful in markets which want cheap, or ad hoc access to data and datasets
4. Vendors that embrace the mass digital market are going to gain long term advantages, the growth in financial websites being a leading indicator

The growth in (most) vendor revenues over the last 10 years has been driven by an expansion in the ways data consumers use data, and those ways of using data are changing even faster, along with new players appearing with radical business models. The market is demand driven, so in the future the vendors must show higher levels of innovation and flexibility than they have recently to maintain even existing levels of success.

There is a fifth potential trend

5. With the Globalisation in market data under threat, vendors are going to focus more on core markets, this could well drive Merger & Acquisitions activity with the big players buying specialist smaller vendors as the quickest option to grow



### 11.0 WHY THESE INFORMATION PROVIDERS?

There are many companies which could justifiably be included in this report, especially as the definitions and criteria for inclusion can be as wide or as narrow as the writer's interpretation desires. Equally none of the companies included can be compared on a true like for like basis, there are crucial differences in structure and service offerings. Here is why we included these providers:

- Primary business is the supply of information services and market data covering global financial markets
- This includes aggregated data services and/or value-added original works such as financial benchmarks, indices and credit ratings, i.e. Morningstar, MSCI and S&P Global
- The provision of analytics and investment decision tools
- Their clients' primary businesses are participating in global financial markets, though HNWI and retail are becoming important market segments
- Market Capitalisation greater than **US\$1,000 Million PA**
- Global presence in all major and secondary financial centres with primary services offered including:



Aggregated Data Services



Evaluated Pricing



Financial Benchmarks



Original Works, i.e. CRA



Analytics



Risk & Compliance



Digital Mass Market





### Turning Data into Dollars

Maximising the efficient use of data as a valuable strategic resource, not merely another cost, from original creation to usage. We 'Turn Data Into Dollars'.



### A Global Perspective

Global perspective, advising our clients from building successful market data businesses to effectively leveraging market data sourced externally and internally enabling profitable participation in the financial markets.



### Data Ownership

It is about creating data, accessing data, the regulation of data usage, and most importantly the policing and protection of IPRs and data ownership.



### Commercially Viable Data

Maximising data utility while minimising risk is key to the cost efficiency dollar equation. Make data work for the business as a resource not a cost.



### Maximising Value

This is not only about sourcing data externally, but maximising the value of in-house and proprietary data. Creating a 360 degree view of the market.



### Foresight Through Insight

Market Data Guru provides a future view by analysing how market data is being used now, then we look forward to how innovation and change is creating new industry dynamics

