MARKET DATA BOON:
How increasing reliance on data and analytics is driving continuous growth

WFIC Prague 2022

Presented by

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October 19.2022

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We all seem to be excited about the prospect of gaining access to more data.

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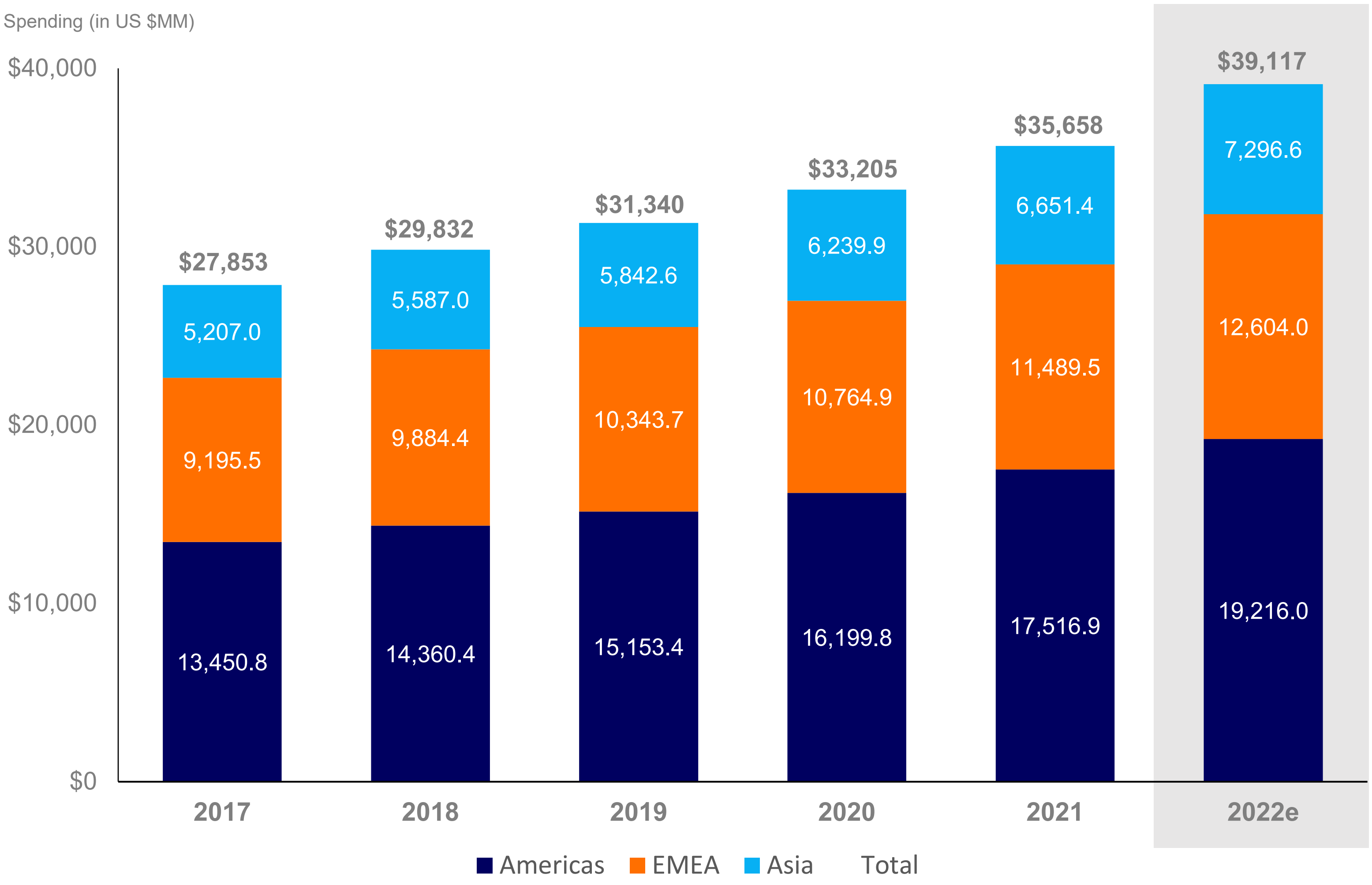
In 2021, global spend on market data reached record levels, projected to grow even faster in 2022.

Global Market Data Revenue – Geographic Breakdown – *2017-21 Trending*



USDm
*Given newly released transparent financial information, B-T has adjusted prior year figures when necessary. See References section of this report for more information.

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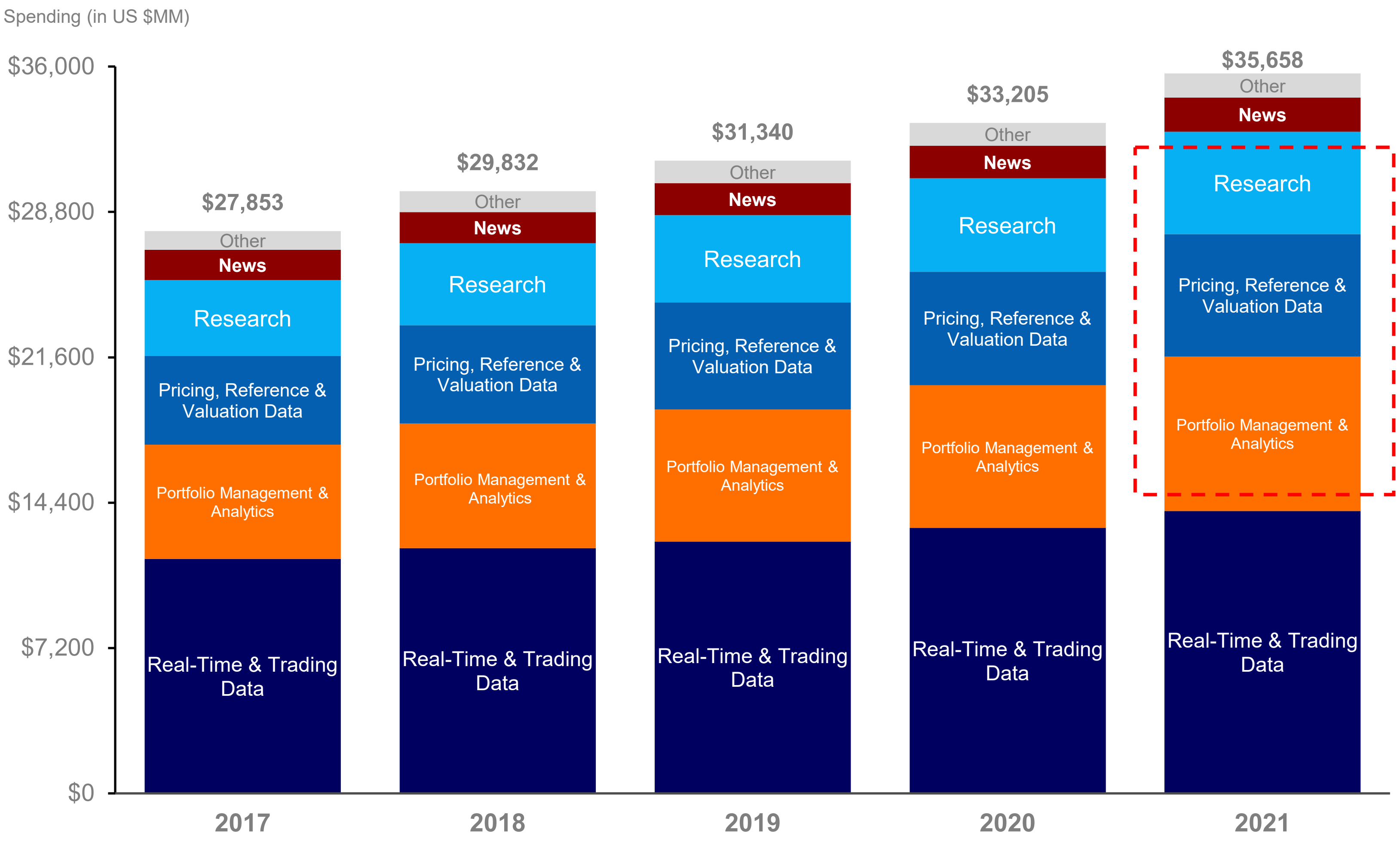
Trading data remains the largest product segment, but we're seeing a shift towards those supporting the investment process.

Global Market Data/Analysis Spend – By Product – *2017-21 Trending*



USDm
See "References" section of this report for revenue definitions. Figures generally do not include index, credit ratings services or stock exchange data feed revenue, although recoveries may be included in public company figures

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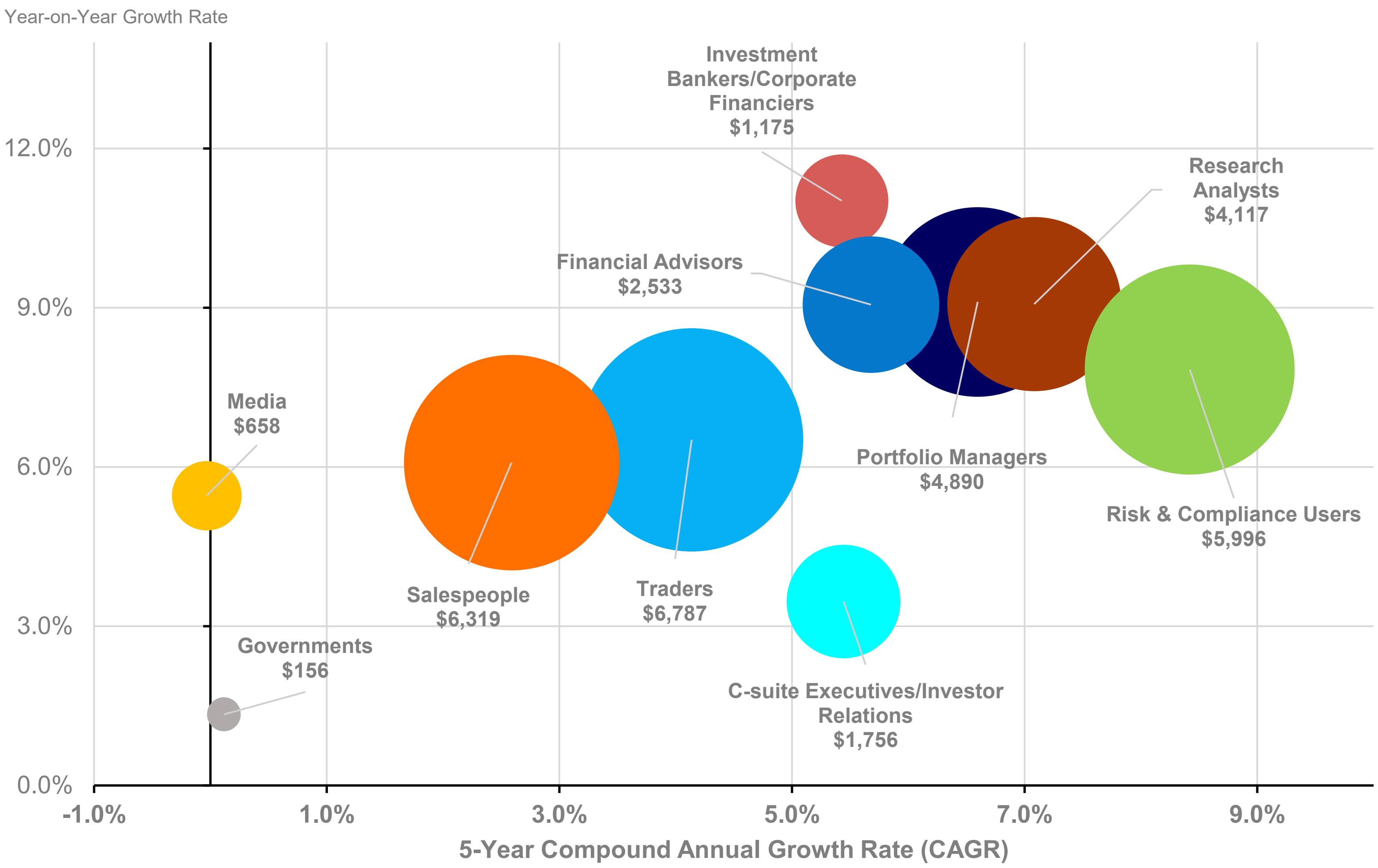
Market volatility & uncertainty has fueled consistent growth in demand for data by risk managers, research analysts & PMs.

Global Market Data/Analysis Growth Rates – By User Role – *2017-21 Trending*



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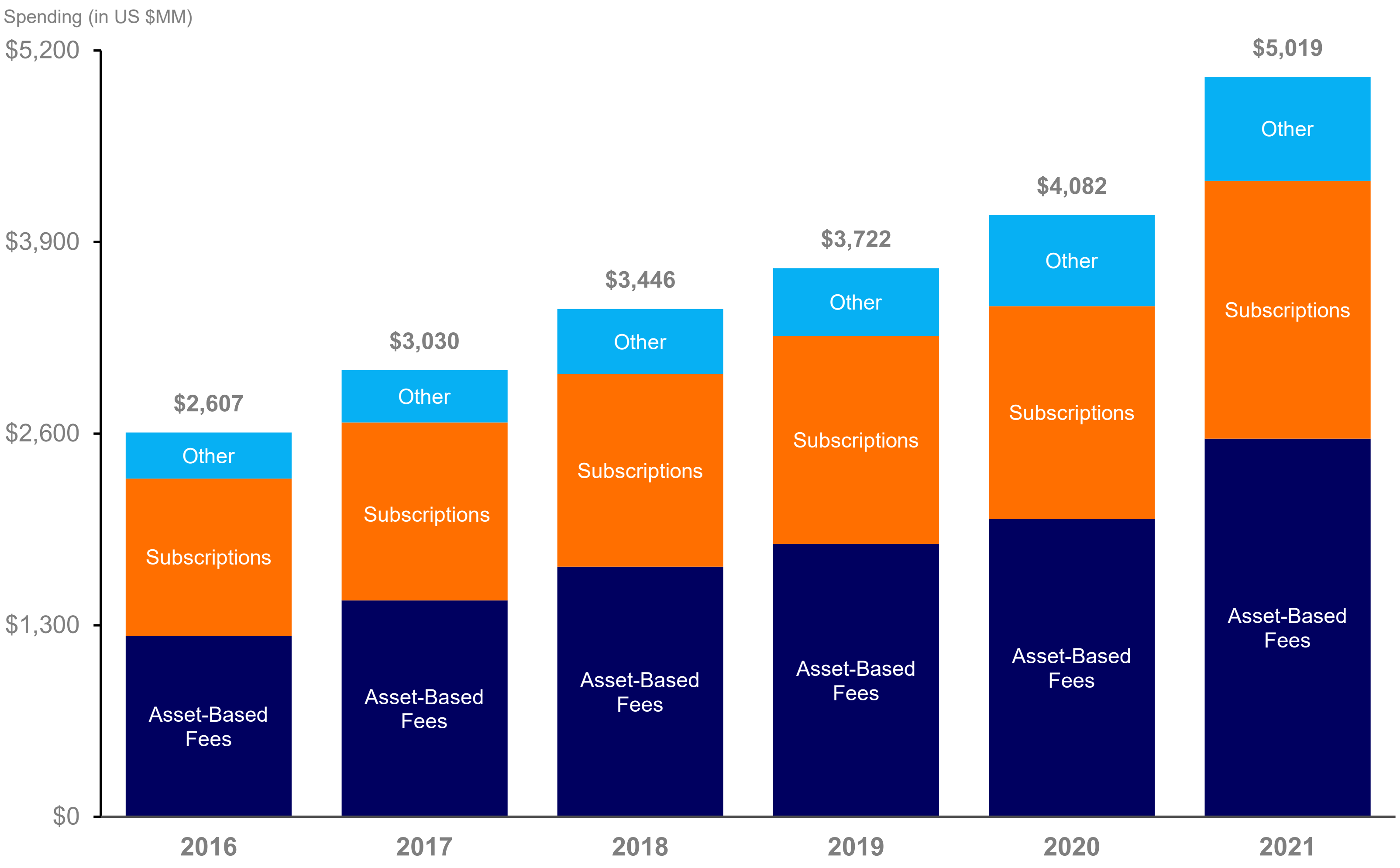
Global index industry revenue growth continues to outpace other segments of the business, up **23%** to **$5 billion** in 2021

Index Provider Revenue – by Revenue Mix – *2017-21*



$m
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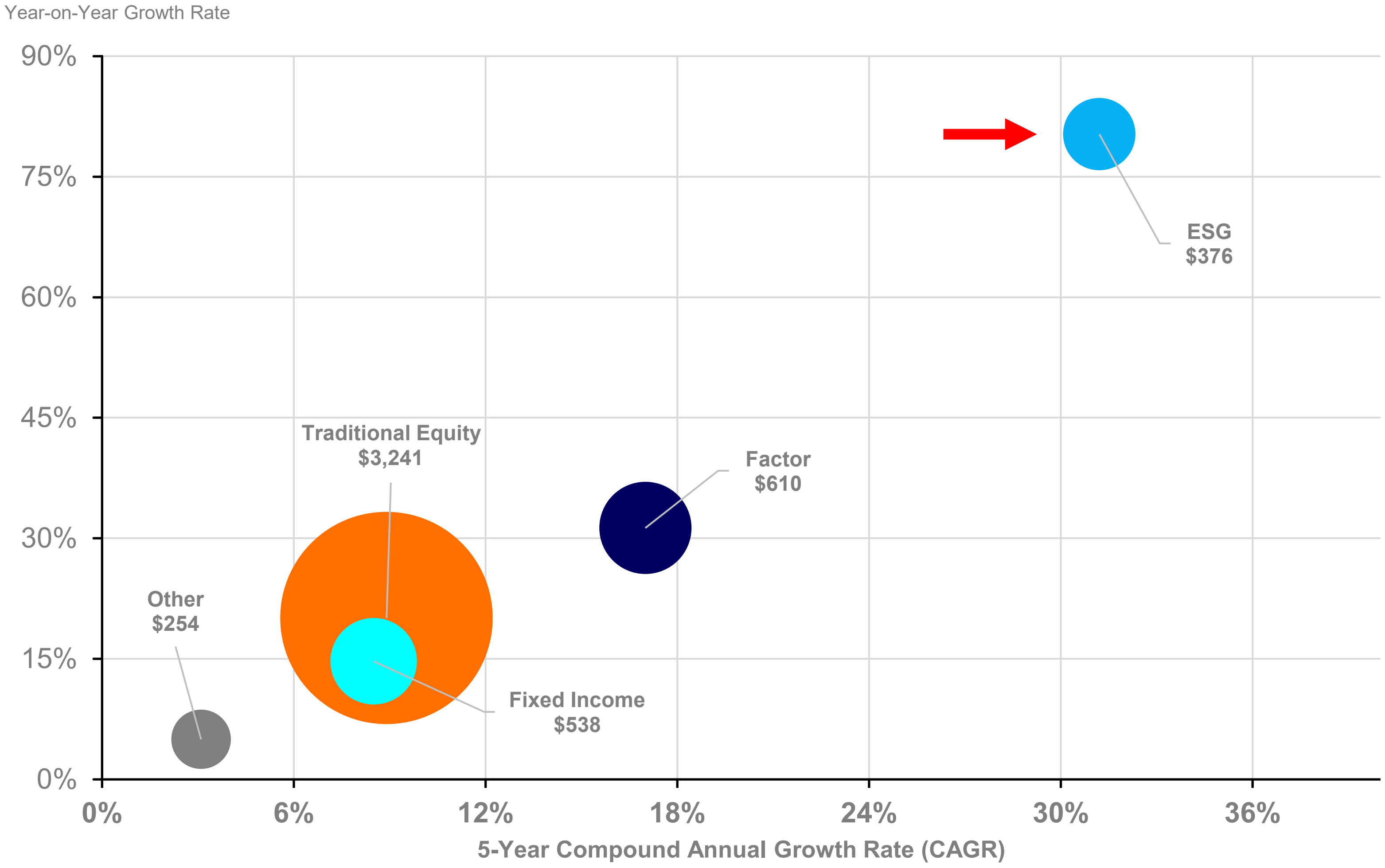
ESG indexes continue to be the fastest-growing industry segment, growing **80%** over the previous year.

Segment Growth Rates – Index Segments – *2017-21*



$m
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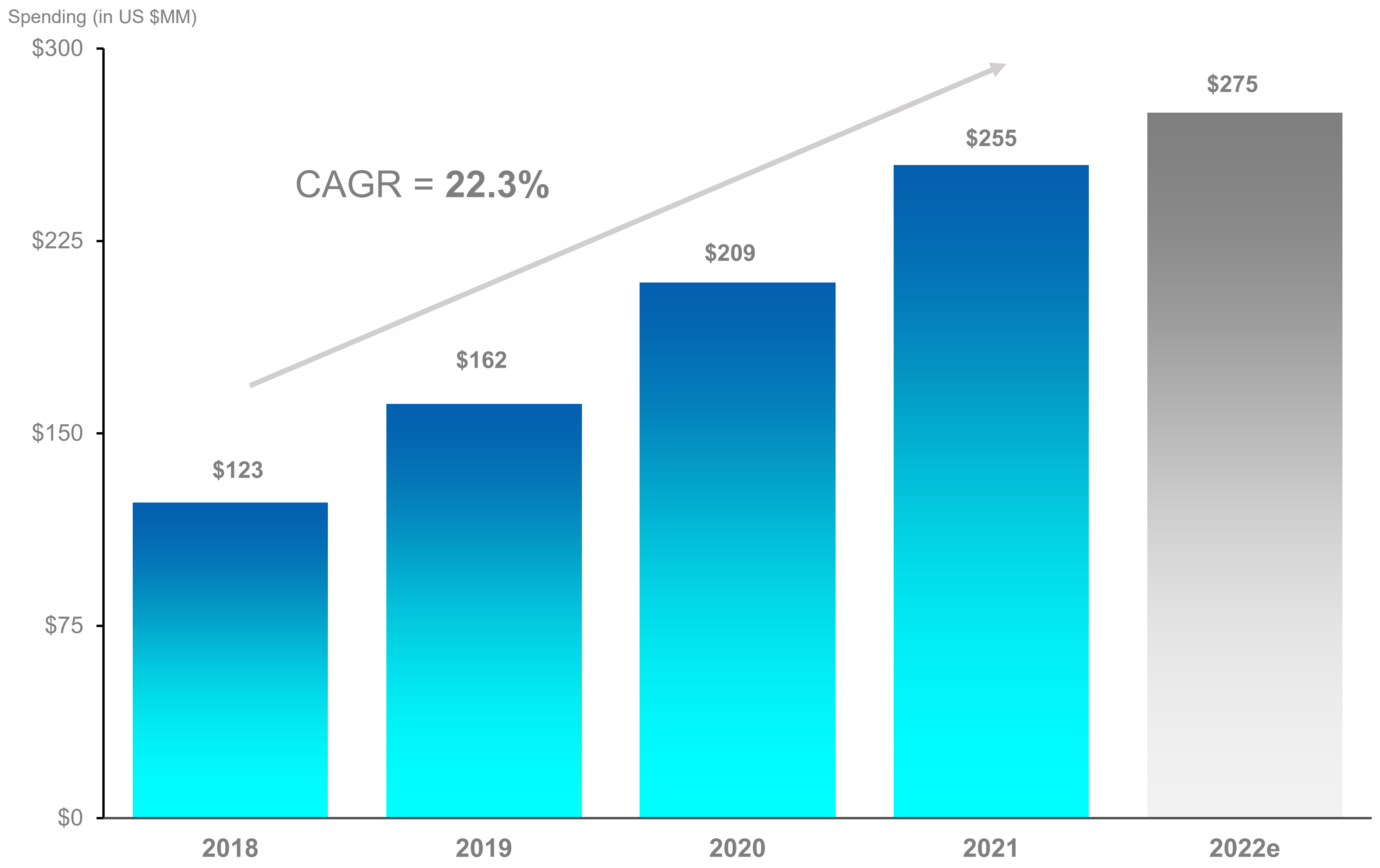
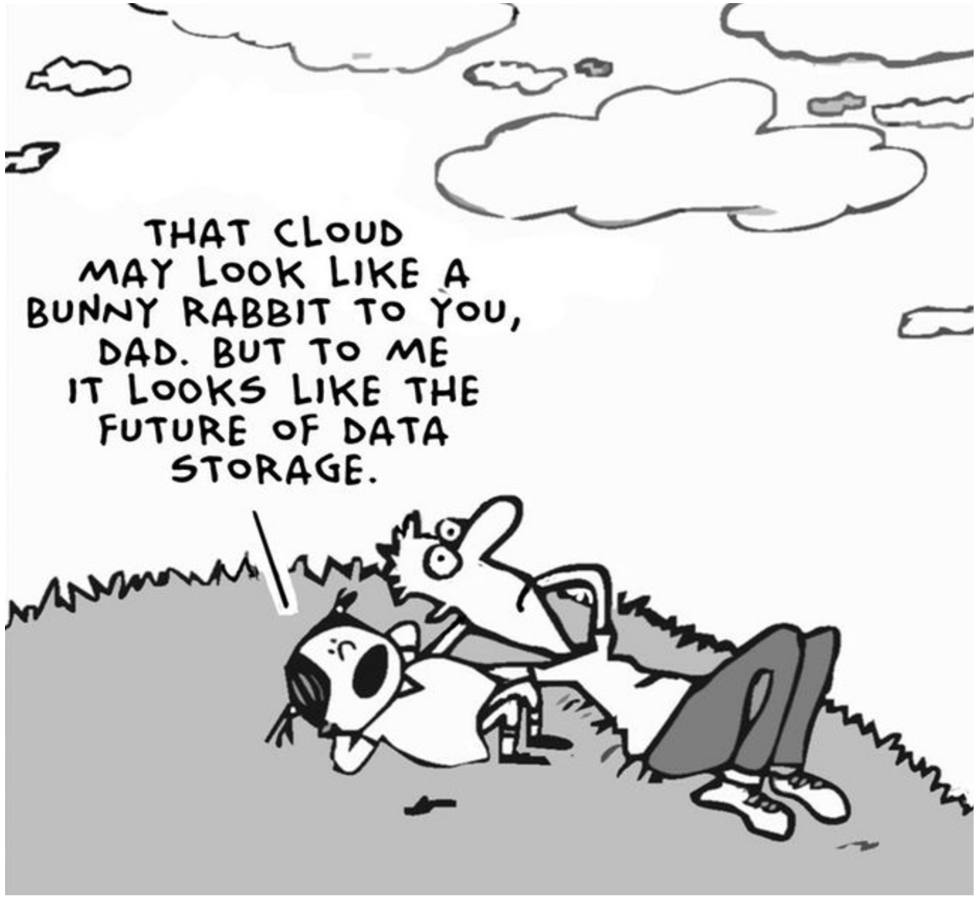
ESG growth is likely to remain strong in coming years, but lack of transparency could slow momentum.

ESG Indexing Industry Revenues (in US$ MM) – *2018-22e*



Please see References for details.
Sources: Burton-Taylor proprietary data, primary research, vendor interviews, public record

The most important driver of data usage in the next 24 months is cloud technology to manage data



The benefits of cloud outweigh previous concerns facing cloud infrastructure adoption

Several key factors led to adoption

- Exponential growth of data pushed the boundaries of **efficient data storage**
- Market's focus on sustainability of process supports the **energy-efficient benefits** of cloud
- **Security concerns** have been quelled in part by clear improvements from cloud providers
- Technology improvements have enabled **faster processing within the cloud**, opening it up to more data strategies
- Clients expect **data that's readily accessible** via cloud, pulling exchanges into incorporating into their infrastructure
- Changes to the work paradigm required **new means of data distribution**

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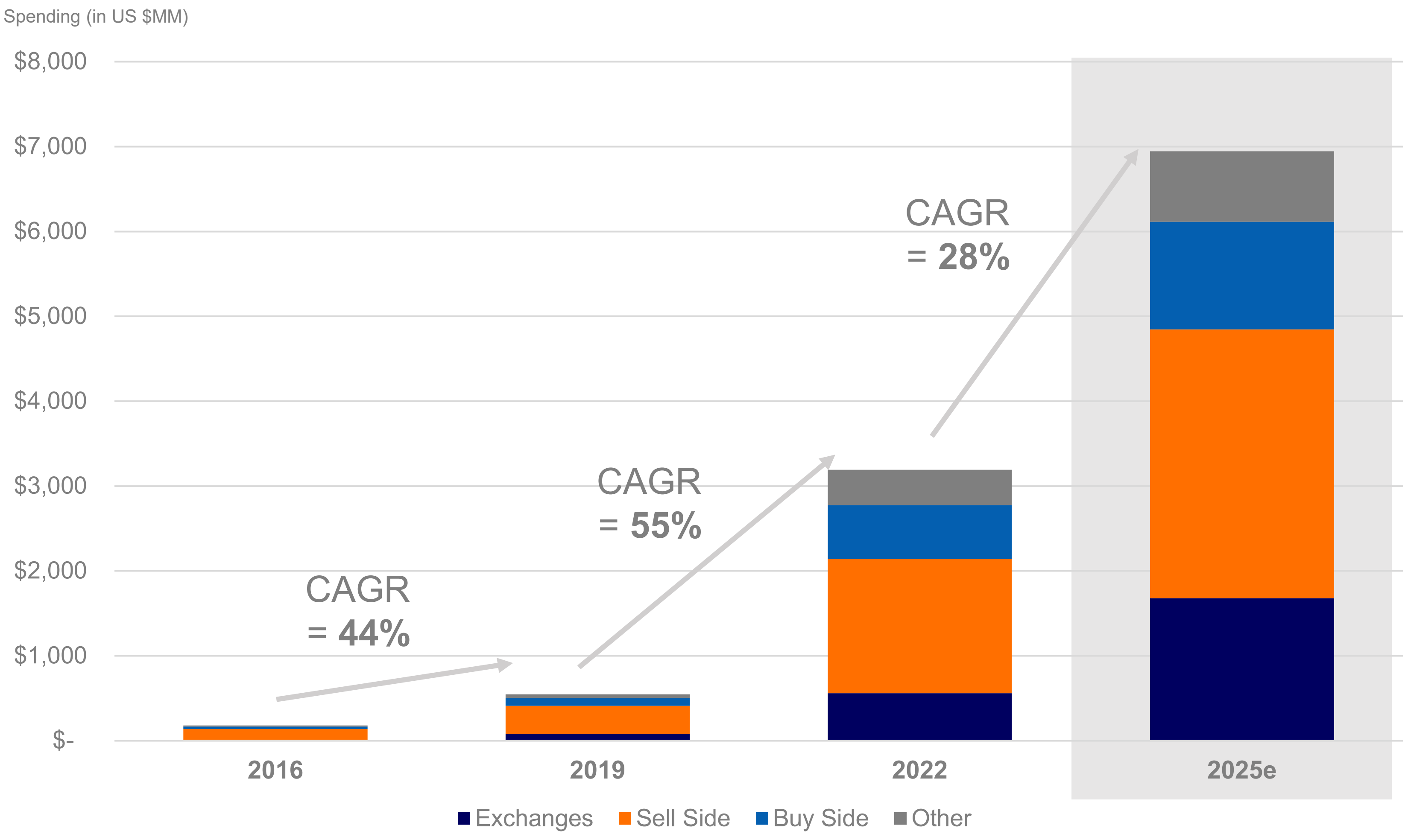
This had led capital markets' spending on cloud solutions to expand significantly as its use grows.

Capital Markets' Spending on Cloud



Source: Burton-Taylor estimates

What’s Ahead?

Most believe that data usage in the next 24 months will be largely driven by the advance of technological capabilities…

Please rank, in order of impact, what you believe will be the most important driver of data usage/spending in the next 24 months…

1. Growing acceptance of cloud technologies to manage data
2. Ability of AI / Advanced analytics to extract Intelligence from data
3. Trading market performance and/or volatility
4. WFH / Fragmented work environment needs

Source: Burton-Taylor Kickoff 2022: Market Data Survey

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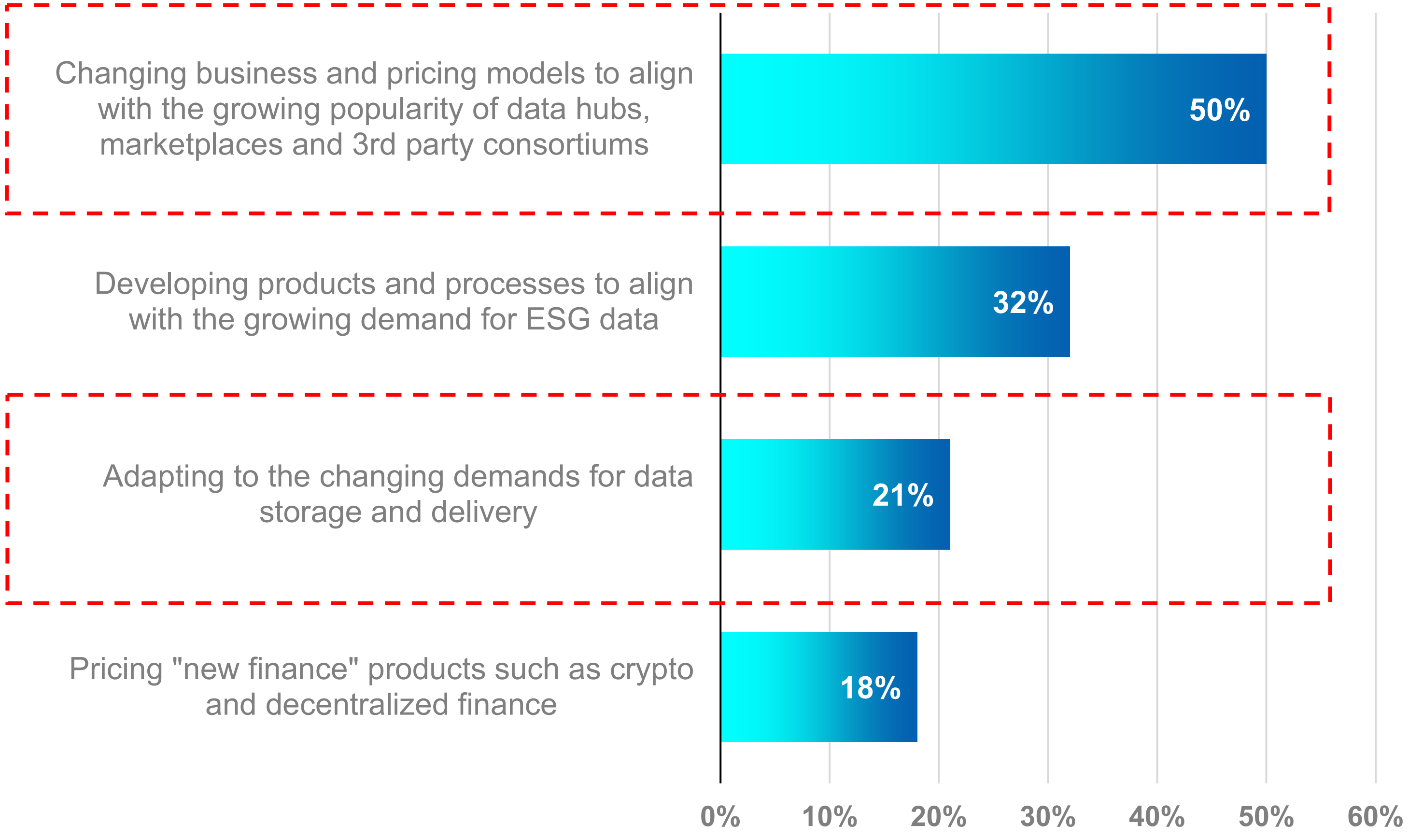
… leading the data providers to address new challenges to their commercial and delivery models.

Market Data Provider Challenges – 2022

What is the biggest challenge facing providers of market data in the next 24 months?



Source: Burton-Taylor estimates

* Totals sum to greater than 100% because multiple selections were permitted

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Financial institutions are driving their use of data by their advanced technologies…

Ability of AI / Advanced analytics to extract intelligence from data

- As the uses of predictive analytics has extended beyond the trading desk into middle- and back-office & risk functions, data budgets of investment banks and asset managers are increasingly inelastic.
- Growth of Ai enables quant traders to better identify meaningful correlations faster than ever, catalyzing the shift from fundamental market analysis to building liquidity strategies with focused information targeted at specific trading goals.

Importance of mobility channels changes the way data is distributed

- Agility and creativity are prominent themes across all institutions when talking about market data.
- Integration with complementary tools—for analytics, efficiency and correlation—that elevate the value of data is driving decision-making for institutions.
- Younger investors' preference for passive investing strategies and robo-investing will accelerate this adoption of open solutions.
- Financial institutions have adopted an approach to "meet the clients where they are".

Growing acceptance of cloud technologies to manage data

- Increasingly distributed workforces have accelerated the need for further agility in data delivery and consumption, forcing changes that perhaps would have taken longer to occur.
- Growing demand for flexibility and mobility is fueling the popularity of open solutions for data, mainly via cloud-based technologies. Younger investors' preference for passive investing strategies and robo-investing will accelerate this adoption of open solutions.

…while providers of data are evolving their businesses to adapt to the changing landscape

Industry demand for ESG and Thematics is altering data strategy

- Thematic index growth will continue, as benchmarking more narrow segments of the market allows investors to speculate in more areas of the market while maintaining some level of diversification.
- Sustainable indexes, primarily those related to ESG, have generated revenue that has grown nearly 4x in the past 5 years, will begin to attract more intense scrutiny from investors and regulators alike.
- The increased attention afforded to thematics, including ESG, climate, energy and technology, has elevated the amount of data available and voluntarily disclosed by corporations for providers to source and is pushing providers to expand and enhance their ESG offerings.

M&A continues to affect the market data business

- 2021 saw the two biggest deals—LSEG acquiring Refinitiv and S&P buying IHS Markit. These deals don't change the landscape dramatically on Day 1, but they raise the bar for the *"2nd Tier"* providers and motivate them to take action to remain strongly competitive
- The overall competitive landscape looks somewhat different than it did just five years ago. Burton Taylor projects the gap between the largest providers and the second tier to tighten further in the coming years.

Institutions are developing strategic partnerships with their providers of data

- Choice of products and providers now considers interoperability and partnerships that will raise the importance of the data and simplify their operations
- With data coming from so many sources—traditional and non-traditional—using fewer providers and/or new tools to aggregate data is gaining wider appeal among financial institutions
- Conversations with data providers are becoming more sophisticated, seeking tools to integrate the data into their data warehouses and run analytics to identify opportunities to improve efficiency.

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ABOUT US

Burton-Taylor clients command an estimated 80% of global revenue share in the market data space and include the world's largest Exchange groups, key government organizations and regulatory bodies on multiple continents, five of the six largest advisory firms serving the industry, and more than 30 of the most active private equity and investment companies around the world… all of which using Burton-Taylor data as their industry benchmark.

While accomplished in the Americas, Europe and Asia, and with a strategic approach that remains generalist, B-T has developed substantial expertise in the global information, insurance, financial services and software industries, with deep focus in North America, China, India and Asia.

B-T's process provides a proven, structured yet customizable, business consulting approach that helps companies clearly target new opportunities, define new strategy, and plan new actions to maximize growth.

B-T completes custom research, varying in size from small single product or market detail reports to large global industry and competitor sizing and profiles.

To learn more about how Burton-Taylor International Consulting can help your company improve performance through improved **Market Intelligence**, **Strategic Planning** and **Revenue Generation** activities, please call +1 646 201-4152, email: **info@burton-taylor.com** or visit **burton-taylor.com**.

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