STATE OF THE ALTERNATIVE DATA MARKET 2019

PRICING SURVEY REPORT

BattleFin AlternativeData.org

CONTENTS

BattleFin and AlternativeData.org are proud to present a new comprehensive Product Pricing Survey to better understand the views and trends on pricing from data providers and data buyers.

This report offers a unique glimpse into the alt-data industry and illuminates the experiences and motives of both alt-data buyers and providers. It presents findings about alt-data product pricing, strategic insights into alt-data pricing structures and a comprehensive view of the alt-data landscape.

STATE OF THE ALTERNATIVE DATA MARKET 2019 PRICING SURVEY REPORT

The following report compiles responses from 173 respondents made up of 69 alternative-data buyers and 104 data providers who responded to a 2018 survey conducted by BattleFin, an industry-leading technology and event company focused on sourcing, testing, evaluating and purchasing alternative data for investment firms and corporations and AlternativeData.org, an online community helping institutional investors to make the best of alternative data by providing them with the latest alternative datasets, jobs, news, tools and events.

ALTERNATIVE DATA PRICING

Key Takeaways

01

Data buyers and data providers obviously have different expectations when it comes to pricing. More than 90 percent of data-provider respondents expect prices to increase or remain the same, while nearly 60 percent of data-buyer respondents believe datasets are overpriced.

02

Alternative-data budgets are increasing.

In 2018, a majority – nearly two thirds – of alt-data buyers had only a tiny or zero alt-data budget.

More data buyers entering the market for data. In 2019, there has been an 8.8% surge in the number of data buyers that now have capital allocated to data budgets and entering the market.

Active data buyers increasing budgets as well. Fewer than a quarter of data buyers in 2018 had a budget of above $1m. This rises in 2019, as the percentage of buyers with an alt-data budget of above $1m increases to a full one-third – a 53-percent year-over-year increase in buyers with an alt-data budget of above $1m.

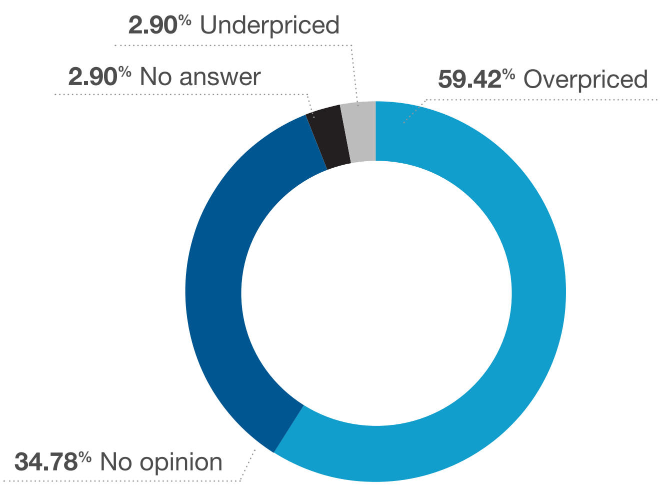
03

The largest group of buyers (42.03%) **sees dataset prices averaging between $50k and $120k per year.** The second largest group of buyers (31.88%) sees dataset prices averaging between $10k and $50k per year.

DATA **BUYERS**

More than half of buyers think alternative datasets are **overpriced**

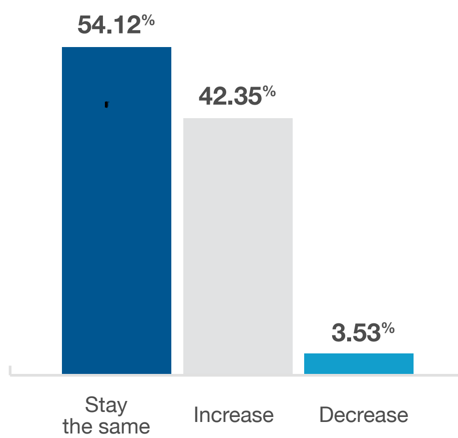
OUT OF DATASETS YOU'VE LOOKED AT IN THESE CATEGORIES, WHAT DO YOU THINK OF THE PRICING?



DATA **PROVIDERS**

Most providers say **data pricing is stable** or **on the rise**

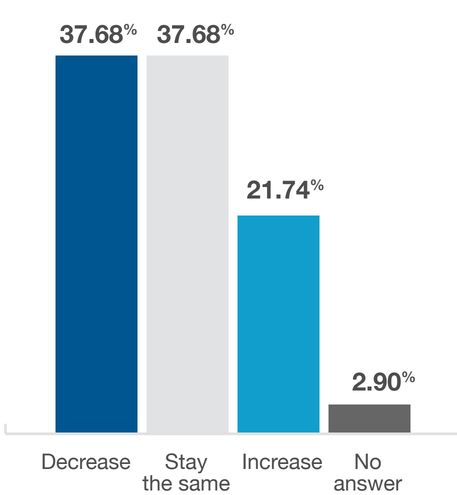
DOES YOUR PRICING TYPICALLY INCREASE, DECREASE OR STAY CONSISTENT FROM YEAR TO YEAR?



DATA **BUYERS**

Most buyers expect future data prices to **decrease** or **remain the same in 2019**

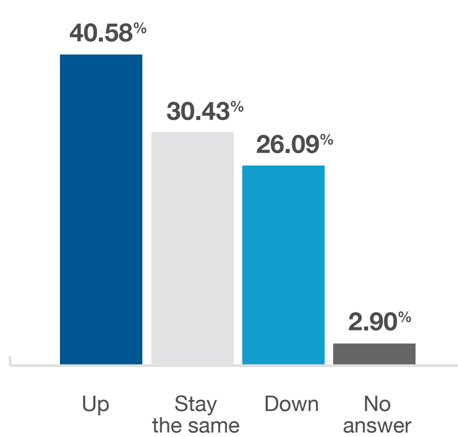
DO YOU EXPECT DATA PRICES TO GO UP OR DOWN IN 2019?



DATA **BUYERS**

Most buyers expect current dataset prices to **increase**

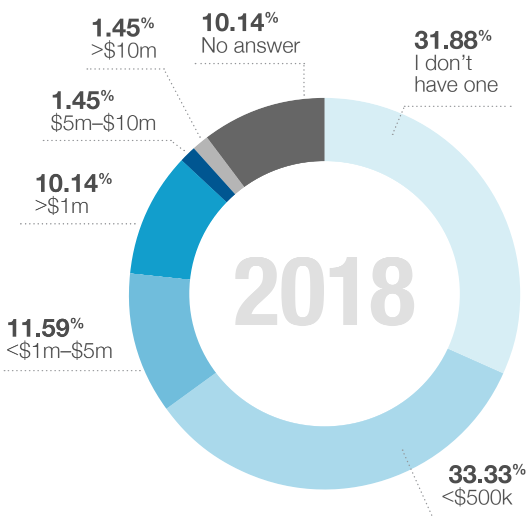
OF THE DATASETS YOU PURCHASED LAST YEAR, DO YOU EXPECT THAT PRICE WILL GO UP OR DOWN THIS YEAR?



DATA **BUYERS**

Nearly two-thirds of buyers had a tiny or **zero alt-data budget in 2018.** Over 20 percent, however, had a budget that exceeds $1 million

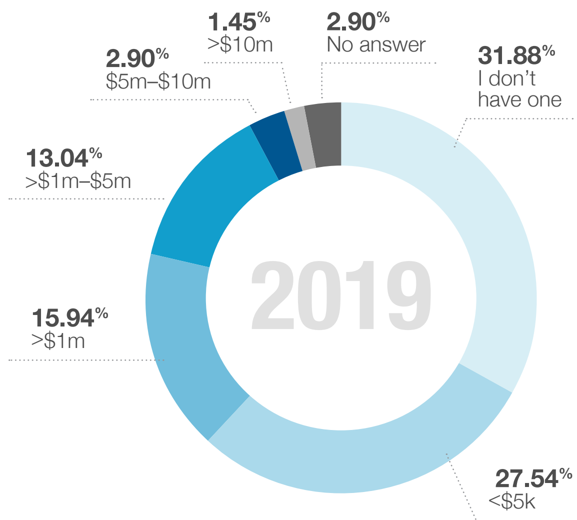
WHAT WAS YOUR ANNUAL ALTERNATIVE DATA BUDGET FOR 2018?



DATA **BUYERS**

Nearly 60 percent of buyers have a tiny or **zero alt-data budget for 2019.** A full third, however, now have a budget that exceeds $1 million

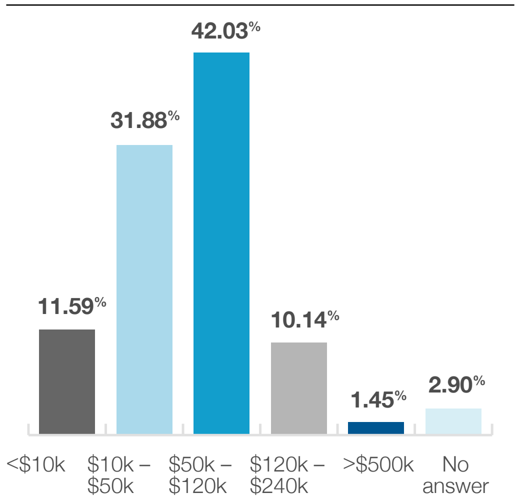
WHAT IS YOUR ANNUAL ALTERNATIVE DATA BUDGET FOR 2019?



DATA **BUYERS**

Buyers most see an **alt-dataset pricing average** between **$50k** and **$120k**

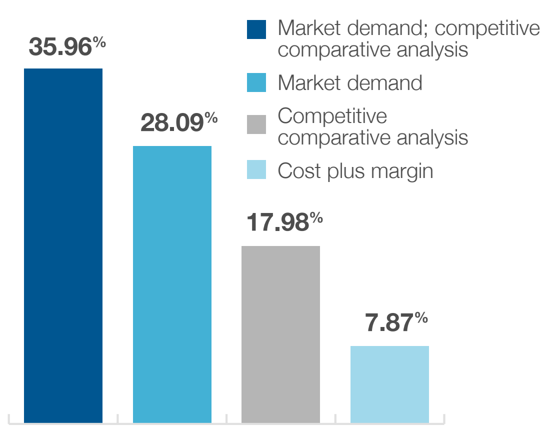
WHAT IS THE AVERAGE ANNUAL PRICE OF A DATASET THAT YOU LOOK AT?



DATA **PROVIDERS**

Providers are likely to **set prices using market demand** and **comp-set analysis**

HOW DID YOU COME UP WITH PRICING FOR YOUR PRODUCTS?



DATASET TESTING AND PURCHASING AND HIGH RETENTION RATES

Key Takeaways

01

A full **80 percent of buyers expect to purchase a minimum of one to five datasets in 2019** while nearly 60 percent expects to test and evaluate a minimum of one to five datasets this year.

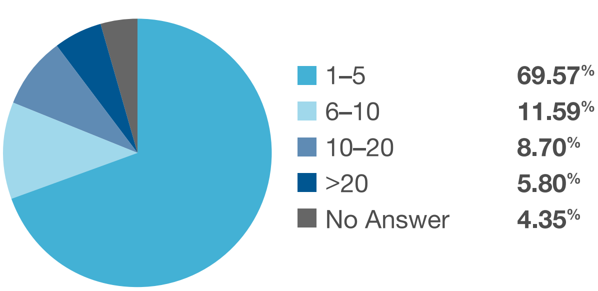
02

Providers say that buyers are more likely than not to renew a current alt-data service. In fact, almost 90 percent of buyers are more likely than not to renew.

DATA **BUYERS**

Most buyers **expect to purchase five or fewer datasets** in 2019

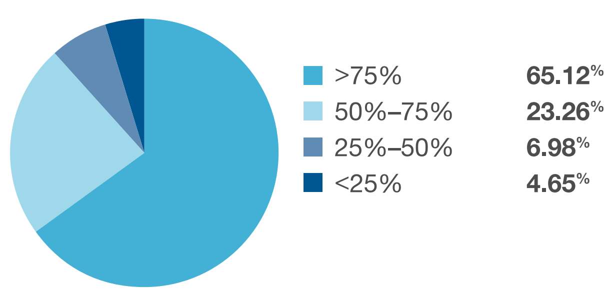
HOW MANY DATASETS DO YOU EXPECT TO BUY IN 2019?



DATA **PROVIDERS**

Providers say **alternative-data buyers typically renew** their service

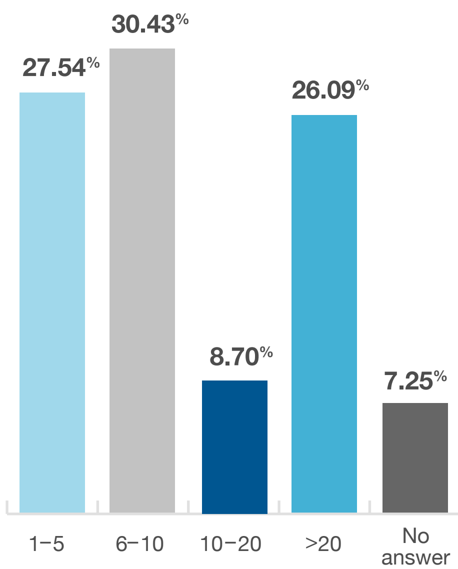
WHAT PERCENTAGE OF YOUR CUSTOMERS TYPICALLY RENEW?



DATA **BUYERS**

Most buyers expect to **test and evaluate 10 or fewer datasets** in 2019

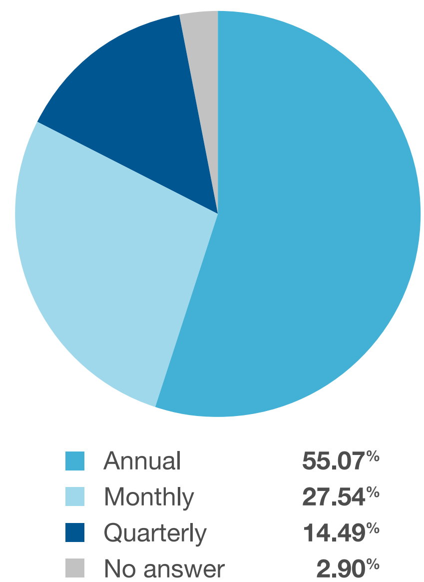
HOW MANY DATASETS TO YOU EXPECT TO TEST AND EVALUATE IN 2019?



DATA **BUYERS**

Most alternative data is **purchased on an annual basis**

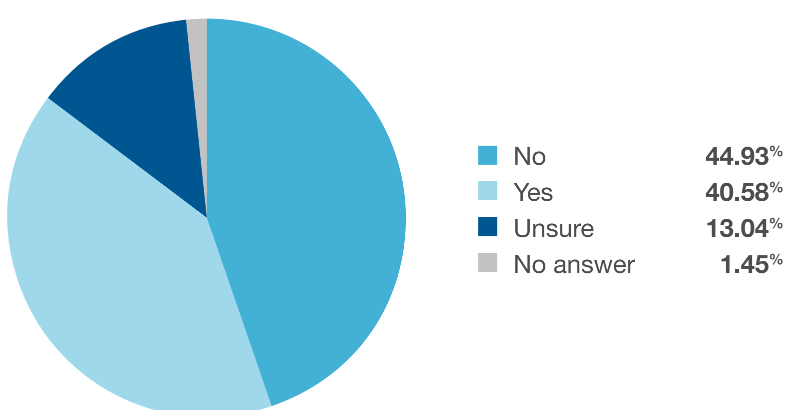
IS THE DATA YOU'RE PURCHASING TYPICALLY PRICED ON A MONTHLY, QUARTERLY, OR ANNUAL BASIS?



DATA **BUYERS**

An alt-data budget is more likely to be part of an **overall research budget**

IS YOUR DATA BUDGET SEPARATE FROM YOUR RESEARCH BUDGET?



ALTERNATIVE DATA SALES AND MARKETING

Key Takeaways

01

Providers and buyers agree that the alt-data sales cycle can take up to seven months, with more than 75% of buyers requiring up to six months to test, evaluate and purchase an alt dataset.

02

More than a third of data buyers use backtesting to inform their purchasing decision. Nearly 60% of providers are not interested in outsourcing the data-testing process even if it can be handled efficiently.

03

More than 20% of providers sell and distribute using a custom alt-data software platform. Nearly 18% use no software platform at all.

04

Providers' sources for new customers are evenly split, with nearly 20% each coming from: events, internal sales force, inbound from website, and partnerships.

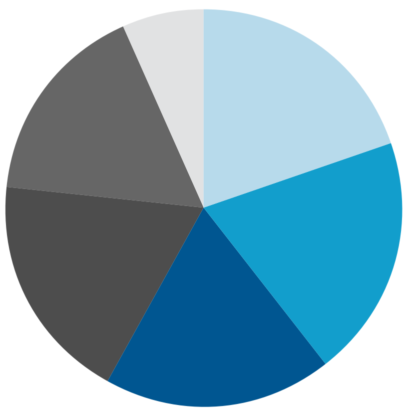
05

Buyers are evenly split on the use of a standardized, compliance due-diligence questionnaire to evaluate data providers with almost one-half saying they use one and one-half saying they don't.

DATA **PROVIDERS**

New alt-data customers come **equally from a range of sources**

HOW DO YOU TYPICALLY FIND NEW CUSTOMERS?

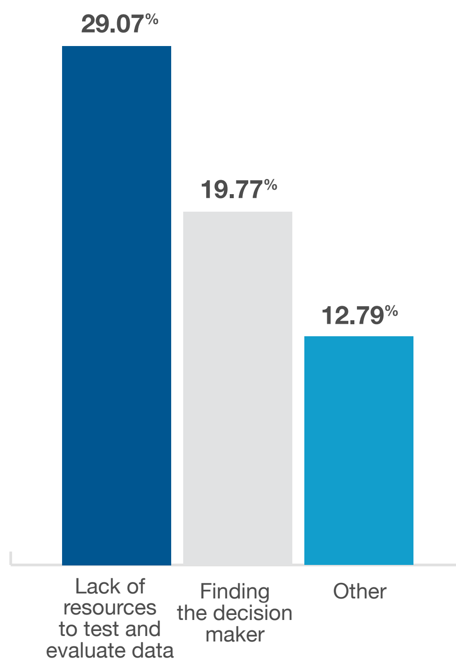


Events	19.78%
Internal sales force	19.78%
Inbound from website	18.68%
Partnerships	18.68%
External sales force	16.48%
Other	6.59%

DATA **PROVIDERS**

In alt-data sales, **greatest pain points are lack of data-testing resources** and **locating a decisionmaker**

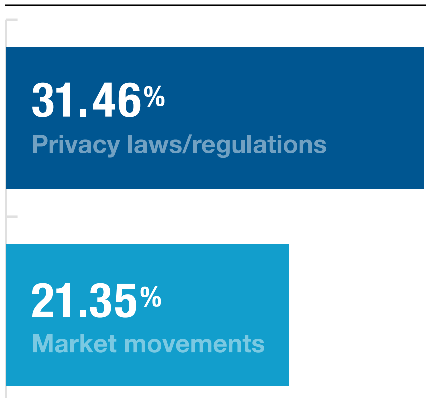
WHAT ARE THE GREATEST PAIN POINTS YOU FACE IN SELLING YOUR DATA?



DATA **PROVIDERS**

Providers say privacy laws and market moves most likely to impact the alt-data marketplace in 2019

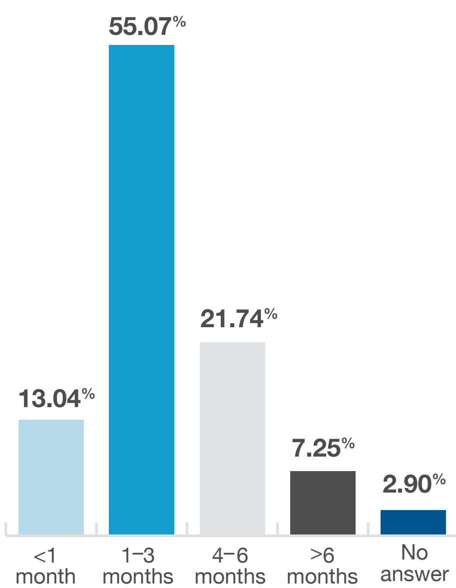
FOR 2019, WHICH FACTOR DO YOU BELIEVE WILL IMPACT THE ALTERNATIVE-DATA MARKET THE MOST?



DATA **BUYERS**

More than three quarters of buyers require between **one and six months** to test and purchase an alt dataset

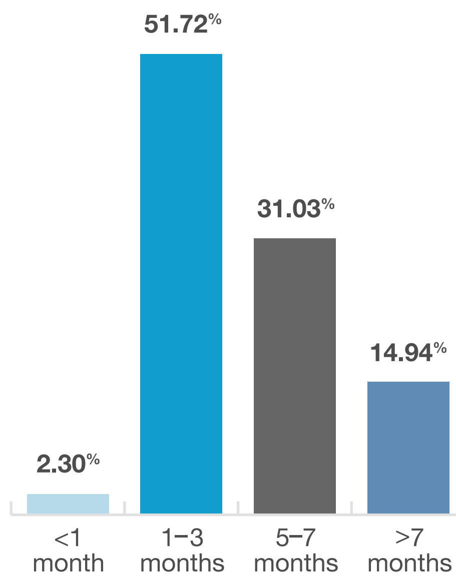
HOW LONG DOES IT TYPICALLY TAKE YOU FROM TESTING TO PURCHASING OF A DATASET?



DATA **PROVIDERS**

Providers see **sales cycle typically completed in seven months** or **less**

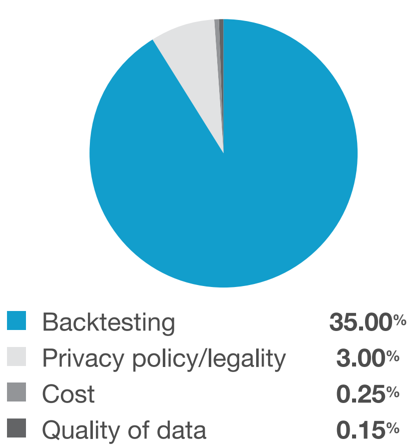
HOW LONG IS YOUR TYPICAL SALES CYCLE?



DATA **BUYERS**

More than a third of **buyers use backtesting** to inform purchasing decision

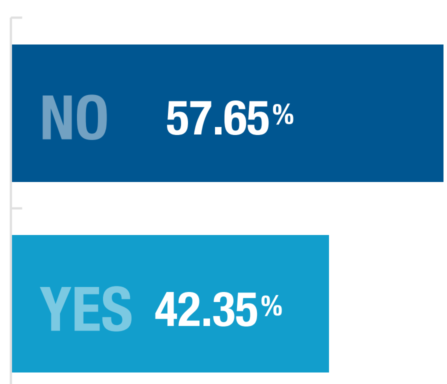
WHEN YOU FIND A DATA PROVIDER, WHAT IS THE PROCESS YOU GO THROUGH IN DETERMINING WHETHER TO BUY FROM THEM?



DATA **PROVIDERS**

When it comes to outsourcing the alt-data-testing process, **provider interest is split**

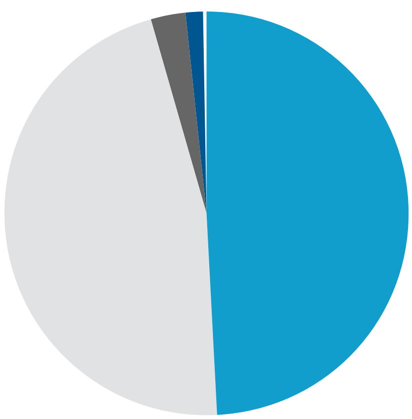
WOULD YOU BE INTERESTED IN OUTSOURCING YOUR DATA-TESTING PROCESS IF THERE WERE AN EFFICIENT WAY TO DO SO?



DATA **BUYERS**

Buyers evenly split on use of due-diligence questionnaires to evaluate alt-data providers

DO YOU CURRENTLY HAVE A STANDARD COMPLIANCE DDQ (DUE-DILIGENCE QUESTIONNAIRE) THAT YOUR FIRM USES TO EVALUATE DATA PROVIDERS?



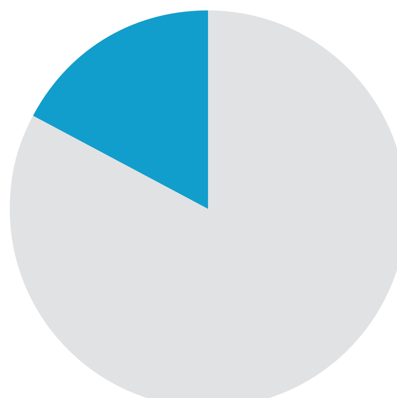
No	**49.28**%
Yes	**46.38**%
Unsure	**2.90**%
No answer	**1.45**%

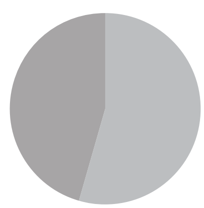
DATA **PROVIDERS**

More providers using **custom software platforms**

DO YOU CURRENTLY USE ANY ALTERNATIVE DATA SOFTWARE PLATFORMS FOR SALES AND DISTRIBUTION?

Other	**82**%
Ensemble	**17**%





DO YOU CURRENTLY USE ANY ALTERNATIVE DATA SOFTWARE PLATFORMS FOR SALES AND DISTRIBUTION?

Custom	**26.09**%
None	**21.74**%

ALTERNATIVE DATA PRODUCT DEVELOPMENT

Key Takeaways

01

Data buyers view the three most-valuable data categories as: credit/debit cards (14.83%) web data (12.29%), and social/sentiment (11.02%).

By contrast, the percentage of data providers covering these data categories are: credit card (0.69%), web-crawled data (3.94%) and sentiment (4.40%).

Data providers report that the top-three categories their data covers are: business insights (6.48%), web traffic (4.63%) and sentiment (4.40%).

DATA **BUYERS**

Buyers consider credit/debit cards, web data, and social/sentiment as data categories most valuable to them

WHAT DO YOU CONSIDER THE MOST VALUABLE DATA CATEGORIES?

Credit/debit cards	**14.83** %
Web data	**12.29** %
Social/sentiment	**11.02** %
Web traffic	**9.75** %
Data aggregator	**8.47** %
Email/consumer receipts	**8.05** %
Geo-location	**8.05** %
App usage	**6.78** %
Satellite	**6.36** %
Survey	**5.93** %
Data broker	**4.24** %
Weather	**3.81** %
No answer	**0.42** %

DATA **PROVIDERS**

Provider data covers a diverse range of categories, led by ‘business insights’

WHAT CATEGORIES DOES YOUR DATA COVER?

Business insights	**6.48** %
Web traffic	**4.63** %
Sentiment	**4.40** %
Data aggregators	**4.17** %
B2B datasets	**3.94** %
Web crawled data	**3.94** %
Consumer insights	**3.70** %
Consumer transactions	**3.70** %
Geo-location	**3.47** %
News	**3.47** %
Pricing	**3.47** %
Social media	**3.47** %
Government data	**3.24** %
Other	**3.01** %

DATA **PROVIDERS**

'Data aggregator' leads top three dataset categories covered by providers

WHICH DATASET CATEGORIES DO YOU COVER?

Data aggregator	**34.52**%
Web data	**15.48**%
Social/sentiment	**13.10**%

DATA **PROVIDERS**

The **top three sectors** covered by alternative data are: **retail**, **technology** and **media/advertising**

WHAT DATA SECTORS DOES YOUR DATA COVER?

Retail	**11.95**%
Technology	**9.16**%
Media/advertisement	**8.37**%
Auto	**7.57**%
Real estate	**7.17**%
Banking or finance	**6.77**%
Healthcare	**6.77**%
Industrial	**6.77**%
Metals and mining	**5.98**%
Other	**5.98**%
Agriculture	**5.58**%
Telecom	**5.58**%
Energy	**5.18**%
Insurance	**5.18**%
Utilities	**1.99**%

To learn more about the alternative-data marketplace and how investment firms incorporate alt data into their research process, visit us at **www.battlefin.com.** Visit our Events page to find out where data providers and buyers can meet during one of our upcoming Alternative Data Discovery Days.

DISCOVERY DAY
NEW YORK
June 19-20th, 2019
at The Plaza

DISCOVERY DAY
LONDON
Sept 25-26th, 2019

DISCOVERY DAY
HONG KONG
Dec 5th, 2019

DISCOVERY DAY
MIAMI
Jan 28th, 2020

For timely insights and information pertaining to the alternative data industry, including jobs, news, and tools, visit **alternativedata.org**