



RESEARCH



The Financial Market Data Industry: A Market Sizing and Forecast

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1. REPORT PROFILE

FOCUS

An evaluation of current and projected global financial market data vendors' revenues and market share, based on data obtained by Shore from primary research via unique sources and secondary research.

AUDIENCE

Financial analysts and competitive intelligence specialists covering major market data vendors are the primary targets of this report, but all executives trying to get well-researched data on the financial market data industry will find the report useful.

CONTENT

Summaries, breakdowns and analysis of the 2004 financial market data industry revenues and vendor market share for major vendors (Bloomberg, Reuters, Telerate, Thomson Financial and Others), with global revenues by market tier, global revenues and accesses by vendor, vendor revenues by global region and monthly revenues per access by vendor, an analysis of major trends and market conditions impacting growth in financial market data services and a forecast for 2005 of global revenues and accesses by vendor, vendor revenues by global region and monthly revenues per access by vendor. Includes analysis of the announced acquisition of Telerate by Reuters.

USE

An up-to-date evaluation of the financial and competitive prospects by one of the most experienced and well-placed analysts covering the industry. This report provides timely data and insights that can be used immediately by executives to evaluate competitive strength and positioning of major market data vendors and the growing strength of alternatives for financial market data available to major financial institutions.

2. EXECUTIVE SUMMARY

In this report, we provide the first forecasts of market data vendor revenue and user accesses for 2004 and 2005. The industry shows no signs of forcefully breaking out of its four year malaise that started with the end of the dot com bubble era in April 2000 and the subsequent ongoing retrenchment of the financial services industry.

We look for the market data vendors to generate global revenue of \$7.06 billion in 2004 up three percent from \$6.86 billion in 2003. Bloomberg will lead with estimated revenue of \$3.48 billion, followed by Reuters \$2.45 billion. Thomson Financial's revenue is expected to total \$455 million, with Telerate generating revenue of \$275 million. Revenue from the "other" sector is expected to total \$400 million.

By our estimates, 2005 revenue for the vendors will come in at \$7.11 billion, an increase of one percent. Bloomberg will be number one again in terms of revenue generation at \$3.35 billion, followed by Reuters with \$2.84 billion (inclusive of an estimated \$285 million from the pending acquisition of Telerate). We look for Thomson Financial to generate \$505 million.

The key issues confronting the vendors in 2005 involve the volatility in employment in the industry which has a direct bearing on the number of market data users on the buy-

and sell side; bank mergers reduced revenue potential through the post-merger personnel consolidations; and, brokerage house mergers will hurt revenue growth prospects.

Customers want more data, information and analytics for less, which looms as a critical confrontational point. The emergence of data feeds as a “must have” and demands for a lower total cost of ownership mean the vendors are facing a potentially mutinous client base. Many customers do not want the packages the vendors have been building at premium prices suggesting larger customers will develop their own and shut out those vendors who don’t recognize the risk of standing still.

Weaker vendors with global aspirations in multi-asset classes are likely to disappear either by going out of business or being acquired.

Thoughts that the rocky road for the vendors is behind the market data industry look premature; there is a permanent decline underway that requires rethinking of fundamental aspects of financial market data vendor strategies.