



IHS Markit®

Brokerage, Research, Sales & Trading

The Global Pulse

Edition 2, July 2020



Welcome

Welcome to the second edition of the Global Pulse from IHS Markit Brokerage, Research, Sales and Trading.

As the investment world adjusts to the “New 2020 Normal” of virtual meetings and events, we have been busy in BRS&T helping clients to organise their corporate access programme and ensure they maintain a close dialogue with investors. In this bulletin, Chedi Vitta provides a thorough analysis of the opportunities, challenges and current state of play with virtual corporate access.

Elsewhere, the research evaluation budgeting and payment space continues to evolve in the post MiFID II world. Francis Land provides a “Top 5 Must Do” list for any asset management company to ensure over-compliance and best practice in research evaluation.

We hope you enjoy the Bulletin. As ever, please get in touch with us to discuss our solutions and suggest subjects for us to cover in subsequent Global Pulse Bulletins.

Best wishes



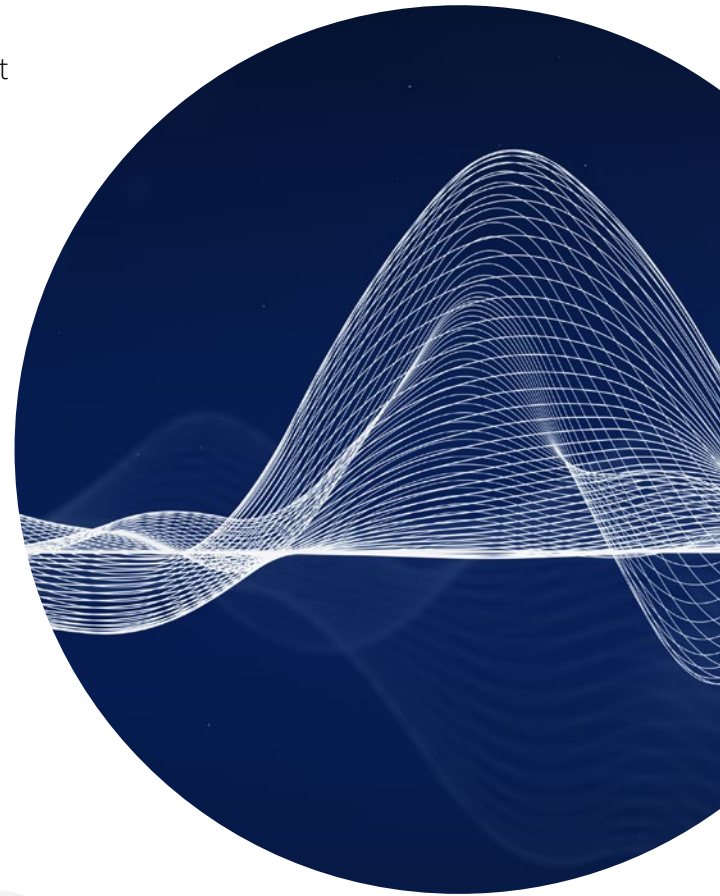
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Corporate Access: Virtual Meetings – The New Normal?

Introduction

Over the past few months, our team has engaged in several discussions with the Corporate/Investor access community on the topic of virtual meetings and events. It has been interesting to see the rapid transformation of the industry on a global scale and the speed at which brokers, investors and company management have been able to adapt. Within the Brokerage, Research Sales and Trading (BRS&T) program at IHS, we partner and support clients across the Events ecosystem and have had a front row seat in the speeding car to virtual. Flexibility of technology, the ability to quickly pivot a pre-COVID roadmap and share with the corporate/investor access community have all been core themes in our client conversations. As we gear up for ongoing changes in the months to come, we are confident in the fact that the growth and normalcy of virtual meetings, events and conferences will play out through 2020.



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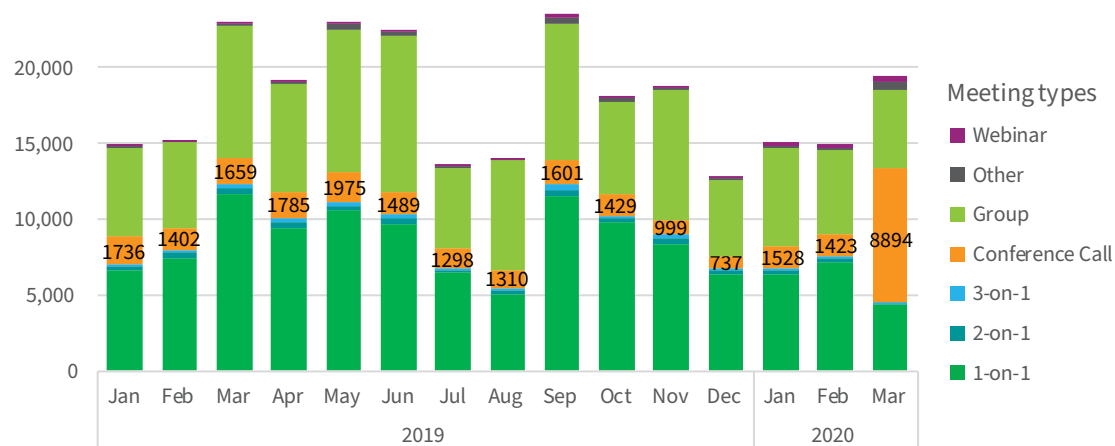
Corporate access: Assessing the impact of virtual meetings

Receptiveness to virtual meetings

The investment management community is actively pursuing new avenues of engagement with corporate executive teams, amidst market volatility. As prospects for in-person meetings dwindle, many investors warmed up to participation in virtual meetings brokered by sell-side corporate access teams.

In analyzing monthly meeting throughput in IHS Markit's events and conference management platforms, we reported an unprecedented spike in the number of audio and video conference calls in March 2020, over five 5 times higher than March of last year.

of meetings by meeting type



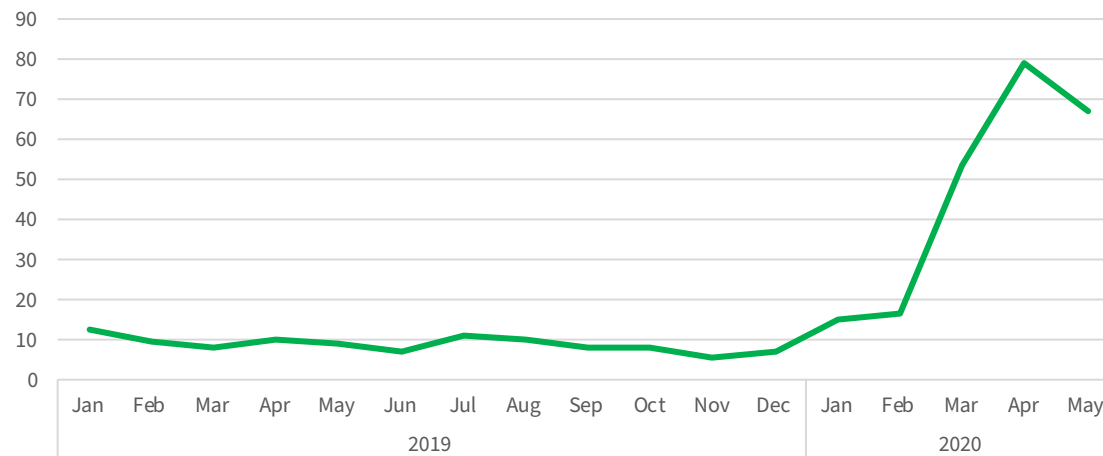
A subset of investors opted to pursue direct engagement with corporates, bypassing intermediaries, a pre-COVID trend accelerated by MIFID II regulation and the growth of ESG investing. The lure of direct lines of communication becomes even stronger when there is no need to manage travel itineraries and book venues, as is the case for virtual meetings. In this environment portfolio managers are opting to initiate interactions with corporates with some PMs attending more meetings now, on a day-to-day basis, than in pre-COVID times.

Corporate management teams have reported similar levels of receptiveness to virtual channels of engagement. In a recent survey we conducted we found that over 95% of Corporate IR teams indicated they are somewhat likely or very likely to include virtual meetings in IR activities over the next 12 months compared to 45% of IR teams prior to the onset of COVID.

Opportunities

Along with an increased share of virtual meeting activity in proportion to total meetings, our banking clients have reported shifts in investor sentiment towards some long-held practices.

Virtual meetings as % of total meetings



Historically, planning an in-person meeting for a roadshow, non-deal event, or conference, involved geographic limitations due to the need for travel. Virtual meetings eliminate these restrictions, accommodating global participation and offers additional windows of availability for corporates and investors to meet. Furthermore, there are inherent cost efficiencies when coordinators do not manage the logistics of travel and accommodations.

Audio and video conferencing tools also provide corporate access brokers with enhanced analytics, attendance tracking capabilities and improved ability to keep recorded inventory of meetings.

Limitations

Moving forward a subset of in-person interactions may be better suited for virtual channels but the overwhelming opinion is that a premium for in-person meetings will persist as investors will always value personal relationships and social cues in their decision making.

One of our largest asset management clients reported higher prevalence of one-way communication, usually dominated by a single party, in video conferences which stifles any prospects for interactive dialogue. In some instances, this is due to technology – either a lack of comfort or outright connectivity issues. We also have found there is a tendency to multi-task and “check out” due to distractions that typically would not surface during in person settings.

The prevalence of pre-meeting small talk, post-meeting debriefs, and “water-cooler” conversations are reduced with online meetings, as participants are quick to jump to their next obligation (many times another virtual meeting). However, these are the avenues where people are more transparent in expressing any lingering concerns or reservations. You risk losing an important opportunity to accurately gauge the group’s pulse and directly address doubts while they are top of mind.

Technology implications

After several weeks of operating in a virtual only capacity our clients are learning that there is a need for more sophisticated solutions to address evolving processes. In turn online meetings are increasingly harder to manage.

With unprecedented demand for video conference solutions, some vendors face technical difficulties managing their infrastructure. Corporate access teams have resorted to practices such as avoiding meetings that start on the hour to mitigate potential risk of bandwidth constraints.

One approach to virtual meetings does not serve all and corporate access teams must remain vendor agnostic in managing them. Many corporate access teams are leveraging multiple video conferencing solutions (Zoom, Webex, etc.) to better accommodate client preferred communication channels.

There is a need for concierge-like services for virtual meetings to:

- prevent potential meeting overlap
- validate the correct individuals are participating in a virtual meeting and
- help manage hundreds of dial ins/meeting URLs – currently a very manual process

Due to these complexities our clients are looking to vendors, like Open Exchange, who specialize in offering services to ensure success from a client experience perspective.

Costs of virtual meetings

As expectations for effective virtual meetings increase, discussions are underway as to whether the recent climate warrants reevaluating the traditional costs of a virtual meeting.

Some argue virtual meetings are now more sophisticated and costly, to where vendors are needed to manage logistics and not just infrastructure, accordingly costs should increase. For example, some MiFID reporting templates do not distinguish between phone calls between two or three parties or audio conference calls with 5-10 participants. However, the scheduling and logistics effort is significantly different.

Others contend that virtual meetings make it easier for investors to reach out directly to corporates posing an existential threat if the cost are to be passed on to investors.

Post-COVID outlook

We expect corporate issuers will have a larger appetite for virtual continuity as they are now more comfortable that virtual solutions can efficiently deliver investor access connectivity. Our asset management and banking clients both have indicated the approach for the rest of the year may vary by sectors, noting that technology issuers prefer virtual channels for the rest of 2020.

It is a commonly held belief that a post-COVID normal, will include conferences and events that host a hybrid of in-person and virtual meetings. In the event the hybrid model gains traction it will be important to track what channel an attendee chooses to attend a meeting for two main reasons: (i) pre-event to manage resources and (ii) post-event for consumption reporting to accurately capture true cost of the meeting for invoicing.

Our clients will look to their Asian counterparts, who are ahead in their recovery efforts, to determine what practices may be useful to incorporate in gaining a competitive edge as the investment community collectively grapples with the best path forward.



Chedi Vitta

Director of Product Management,
Brokerage, Research, Sales & Trading

Top 5 Dos to improve your research evaluation process

A formal research evaluation process is now commonplace with asset management companies seeking to satisfy local regulations and operate best practice. Here are our top 5 “Dos” to improve your research evaluation process.

- 1 Invest in a flexible system**

If you were to analyse 30 asset management companies they would have 30 nuanced approaches to evaluating their research providers, allocating budgets and making payments. When you select a research evaluation system, ensure it is built with maximum flexibility to ensure it can cater your company’s requirements.
- 2 Is your contact data up to date?**

It is an inevitability that analysts will enter the industry, move firms and leave the industry. Tracking these changes and ensuring that your research provider database is up to date is essential, but potentially an administrative headache for the buy-side. No-one knows this information better than the research providers themselves so make sure your evaluation system sources their data to keep up to date.
- 3 Filter interactions**

Tracking interactions with service providers is a vital part of evaluation research services. Managing the sheer volume of touch points is the number one administrative challenge. Ensure your research evaluation system enables you to decide what types of interactions make it into your review process and block the rest.
- 4 Feedback to providers**

When an interaction is blocked, make sure your system feeds back this information immediately to the provider, or they will assume that the interactions has been accepted and will feature (along with potentially hundreds of others) in the next service review meeting.
- 5 Check in regularly**

Avoid recency bias by asking investment professionals to review their service interactions every few weeks rather than waiting for a quarterly or half-yearly formal evaluation process.

Contact Us

Brokerage, Research, Sales & Trading from IHS Markit seamlessly connects asset management companies, brokers and research providers offering data and applications to facilitate the investment process. Our solutions are relevant for all research funding models -asset management company paid, customer paid or a combination. Please get in touch today, to find out more.



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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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