

## Alternative data in investment decisions. Impact on how corporates communicate in 2025

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At today's IR magazine Global Forum, Daniel Nye from Swiftsure Partners and I shared out views on how big data and artificial intelligence will likely impact financial markets. Investor Relations and the corporate data analysis in general will have a new field of information to pay attention to.

In the past the bulk of corporate information that formed the basis of the pricing a listed company came from the company themselves. This was based on Regulation Fair Disclosure and MiFiD that set an even playing field for information flows from companies to investors via regulation of

releases of important information such as quarterly performance, annual review, M&A activity, changes in senior management positions etc.

Also, in the past another batch of price forming information came from macro economy data, industry specific statistics, non IR part of corporate webpages as well as pricing pattern of the stock price, its peers, valuations and overall market. Obviously, lots of other things went into that soup but rarely in a systematic way. With tons of new or alternative data point such as web scraping, text and webcast mining, geolocation data etc and applied with artificial intelligence (pattern recognition) the investment world have started to create more useful analytical and decision tools to make investment alpha. It obviously requires enormous amounts of data sorting and back testing of correlations, but the machine power available in 2019 is there and there's momentum in big data and AI applied to investment performance. Hence, it's likely that the IR releases as we know them today will have less impact on price forming information in the future.

Daniel Nye had some good points on how wording in written materials and prepared notes can be compared to previous updates, Q&A session sentiment and via word and phrase recognition be mined into forming real meanings of what was actually said. Detecting untrue and avoiding telling the real truth can serve as a very good risk reduction tool for the resourceful and skilled investor.

At another session it was mentioned that artificial intelligence can predict short term, but not the longer term. Big data might be able to pick up Apples market share of the smartphone market for a shorter period, but it's not possible to predict the market share 5 years out. But getting all the short term periods correct puts you in a pretty good position for the longer term when you apply the two together

For companies IR activities the message from Daniel and I was to keep your ears and eyes open for new information bits impacting the pricing of the stock. And if needed be proactive in providing additional data on your webpage in order to put all investors at the same information level. Also, as MiFiD II has created lower quality of sell-side research consensus it would be useful for all investors to have consensus forecasts available on the corporate website.

The 2020s will be even more monstrous amounts of data that will be sorted and harvested into useful analytical results that can form new platforms for decision making in the investment world. Pattern recognition/artificial intelligence will see more and more momentum in 2020s so the traditional corporate regulatory updates we know from the past will likely have less pricing forming impact in the future as lots of the content already will be known at the time of release.

