

Online Research Marketplaces (ORMs) – a ~USD 1.4 billion market by 2020

Quinlan & Associates believes managers and brokers should actively engage with ORMs to capitalise on the new research environment post-2018

Hong Kong, 28 March 2017 – Quinlan & Associates, an independent strategy consulting firm specialising in the financial services industry, has released a follow-on thought leadership paper updating on developments in the investment research industry and the outlook for up-and-coming online research marketplaces (ORMs).

The report, titled *Research.com: The Rise of Online Research Marketplaces*, examines the latest regulatory developments surrounding research unbundling under MiFID II, the readiness of buy- and sell-side players for the legislative changes coming into force in January 2018, and predicts fundamental changes in the investment research environment.

'With 9 months until regulatory go-live, we are starting to see growing signs of panic as players on both sides begin to digest the sheer scale of implementation challenges that lie ahead,' said Benjamin Quinlan, CEO & Managing Partner and lead author of the report. 'Whilst the tier-1 players are for the most part operationally ready, we are seeing divergence in the state of readiness for tier-2 and -3 players,' added Yvette Kwan, co-author of the report.

'Our predictions last year on the outlook for the sell-side are starting to materialise, with global tier-2 waterfront research providers being pushed out of the market, and independent research houses growing in their influence,' said Mr Quinlan. The report details the challenges facing brokers and managers, including the rationalisation of research coverage that is still required, and an out-trade between broker and manager expectations on research pricing.

Quinlan & Associates believes that greater price transparency on research will result in a more open and competitive research market. 'This will lead to a democratisation of research with new entrants and new distributions models. We can draw on the experiences of online marketplaces in other industries which have had a hugely disruptive impact on their respective industries,' said Ms Kwan.

In the report, Quinlan & Associates discusses the rise of the ORMs, including firms such as ResearchPool and Smartkarma. 'While still in their infancy, we see ORMs becoming the dominant platforms for content sourcing and distribution in years to come, given the inherent limitations of managers navigating a multitude of proprietary broker portals. We believe ORMs will represent a ~USD 1.4bn market by 2020 and a ~USD 2.4bn market by 2025, representing ~15% and ~30% of the global research wallet respectively,' said Mr Quinlan. 'Given their huge potential, managers and brokers should actively seek to engage with ORMs to best capitalise on the new research environment post-2018'.

About Quinlan & Associates

Quinlan & Associates is an independent strategy consulting firm specialising in the financial services industry. The Company is the first firm to offer end-to-end strategy consulting services. From strategy formulation to execution, to ongoing reporting and communications, Quinlan & Associates translates cutting-edge advice into commercially executable solutions. With a team of top-tier financial services and strategy consulting professionals, and a global network of alliance partners, Quinlan & Associates provides its clients with the most up-to-date industry insights from around the world, positioning the Company as a leader in this field.

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