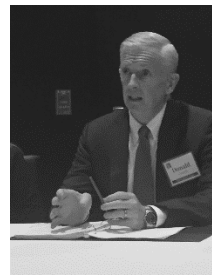




## Technology's Role in Capital Markets Intelligence

*"We're seeing the use of data to assess the risk of activism, allowing you to get in front of it."* Adam Frederick, Q4



**OUR PANEL:** Adam Frederick, SENIOR VP INTELLIGENCE, Q4

Donald Cassidy EVP, BUS DEV & CORP STRATEGY, Georgeson, LLC

Laurie Little, SR. VICE PRESIDENT, The Piacente Group

NIRI OC's June 2017 meeting focused on the use of technology and analytics – something the buy-side has been using for a number of years, but is starting to be used more effectively by the investor relations function. According to Adam Frederick of Q4, there are a number of technologies the IR professional can utilize. Predictive analytics is one. "It is a quantitative way of gauging investor sentiment and market expectations," says Frederick. "Big Data analysis of equity and options trading can tell you what forward-looking expectations are reflected in your stock." Another technique cited by Frederick was the ability to gain insight by tracking the underlying market structure of both your company and your peers. "Understanding if shares are traded through ETFs, high frequency, arb firms or isolated institutional investors provides actionable, real-time intelligence around what's driving valuations."

Laurie Little from The Piacente Group also noted the importance of watching the options market, emphasizing that "an activist can build a big position quickly drawing less attention through option trading." Little cautions IROs to not be complacent and the importance of keeping an open, active dialogue with investors to continuously determine if they are satisfied with your company's performance. According to Frederick, "We're seeing the use of data analytics to assess the likelihood of activists accumulating shares in your stock – in real-time - allowing you to get in front of it...being proactive rather than reactive."

Don Cassidy of Georgeson points out that index funds represent a significant percentage of the assets under management today, and passive investing is growing. Also, the sheer number of players in the market has grown exponentially. "It's a faster world. Participation comes from many different directions." As a result, all members of the panel emphasized that IROs must arm themselves with data analytics for more real-time intelligence to keep pace. Cassidy said that at the same time, issuing firms need to be "highly coordinated in their efforts." IROs, corporate secretaries, general counsels and sustainability officers must be in step, especially when it comes to knowing your active and passive holders and dealing with corporate governance issues. Ms. Little pointed out that passive investors can be natural allies on governance issues – another reason to identify them and start a dialogue now, as opposed to waiting until you need them in your camp.