Research Enabling Solutions

ANALEC launches a financial forecasting and modelling platform for globally listed companies

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ANALEC, a leading provider of financial technology solutions to the global investment research and investment banking industries, recently announced the launch of its corporate financial modeling and forecasting platform – ANALEC ModelViewer® - for a range of globally listed companies. ANALEC is targeting the institutional money management industry and investment

research service providers with this offering. ANALEC ModelViewer (www.model-viewer.com) is a revolutionary fundamental financial forecasting and analysis platform that takes away the tedium from the investment decision-making process.

ModelViewer has been designed to allow its users to focus on the high-value aspects of the fundamental investment decision-making process, while leaving the tedium and resource intensive tasks to the software and the financial analysts at ANALEC that feed the platform. ANALEC in its initial phase of content creation is focussing on the Top 300 listed companies in Asia (ex. Japan), amounting to an aggregated market capitalization of US$ 5,900 bn; or over 50% of the Asia (ex. Japan) market (including the market capitalization of the China A-share market). Excluding the China A-share market, ModelViewer's coverage in its first phase to constitute an aggregated market capitalization of US$ 4,600 bn; or 56% of the adjusted universe.

In its second phase of content build-out ANALEC has planned to raise its coverage to the Top 500 listed companies in Asia (ex. Japan), amounting to an aggregated market capitalization of US$ 7,400 bn, or 64% of the Asia (ex. Japan) market (including the market capitalization of the China A-share market place). Excluding the China A-share universe, the coverage would constitute an aggregate market capitalization of US$ 5,800 bn, or over 70% of the adjusted universe. ANALEC believes its choice of content has been arrived after careful consideration of the market capitalization and liquidity thresholds best suited to encourage institutional investor interests in the companies. Subsequently, ANALEC's criteria on its planned coverage meets the requirements of the majority of institutional investors, investing in Asia. Beyond Asia, ANALEC is in discussions over the long-run to add similar capabilites on US listed companies.

Asia as an asset class is expected to grow in its significance over the next decade as accellerated GDP growth performance (significantly above OECD averages), coupled with greater financial sector reforms across Asia will create enormous opportunities for the growth of capital markets in Asia.

Commenting on the launch, ANALEC's CEO – Indy Sarker – stated, "We are really pleased to announce yet another milestone in our efforts to build ANALEC into a leading technology enabled global service provider within the investment research and investment banking industries. ANALEC ModelViewer is our first foray into high-end fundamental investment analytics, with our existing product suites being pure software offerings to the broker-dealer industry. We believe our expertise in creating such high-value financial content is second to none with the team at ANALEC consisting of top Insitutional Investor ranked sell-side analysts and buyside research managers. We have taken our combined 80 years of experience across a range of global investment banks and money managers to develop a best-in-class offering in ANALEC ModelViewer. We are encouraged by the fact that the Asia (ex. Japan) market place for equities pays out around US$20.0bn in commissions annually with investment research related services accounting for 40% of this payout."

ANALEC believes its granular and transparent financial modelling and valuation capabilities as embedded within the ANALEC ModelViewer platform, along with the ability of each user to manipulate the forecasts to best reflect their expectation of future performance at these companies, would significantly boost their productivity and speed of decision-making at both buy-side and sell-side research organizations. Each company model can be used and manipulated by each user as if the model were their own, and after manipulating them, the user can save a personalised version (restricted access to purely the licensed user) or save it locally at their desktop end.

With data consistency and data integrity two key challenges facing the investor market place, clear sourcing of historical content along with a completely transparent and granular forecasting methodology for each company ensures such concerns and challenges are suitably addressed. Each historical piece of information used in preparing these "as reported" financial forecast models is tagged to the underlying historical source document and available to each user on a right mouse button click on the number. All forecasting methodology deployed for each line item is company and industry specific, with a clearly written out forecast methodology document accompanying each company on the platform. In addition, each financial model on the platform undergoes a series of (software-enabled) accounting checks to ensure the forecast models have been built to the highest integrity and standards.

ANALEC aspires for its ANALEC ModelViewer platform, ultimately becoming a one-stop shop for sophisticated fundamental investors and investment research professionals, as not only do they get to use and manipulate very granular and detailed financial forecast models on a range of listed companies, but also use their manipulated results to run a series of report generation capabilities and investment screening tools (i.e., portfolio analytics, valuation screening, sensitivity analyses, graphing and charting capabilities etc.) on the platform, to help their valuation assessment thought process, while in turn feeding their final investment conclusion.

The financial content creation and maintenance activity at ANALEC is organized in a way that mirrors a global investment research organization, with each financial analyst responsible for a specific group of 12-14 companies, belonging to no more than 2 (related) sectors. The analysts build out granular financial forecast models on each of their coverage companies, conducting thorough due dilligence on each company based on publicly disclosed information by the companies (e.g., results annoncements, annual reports, investor conference presentations, media briefings, guidance notes, interaction with investor relations at the companies, attend conference calls etc.) as well as reliance on market and industry specific data releases by various industry and

trade associations and supply chain checks where applicable and possible. They subsequently track each company for news flow (both macro and micro) and events and reflect the same in their outlook on each company, informing each user of the platform of updates via a series of e-alerts delivered to them via email.

According to ANALEC, the emergence of Commission Sharing Arrangements (CSAs) wherein buy-side firms put in place with their full service brokers a CSA account (allowing them to use commission dollars to pay for value-added services that feed their investment process), is a significant development in the industry. CSAs in their most simple terms facilitates the separation of execution services from research services, delivering greater flexibility and transparency to the buy-side firms when it comes to use of their commission pool. While of recent origin in Asia, CSA payment channels have grown to over US$2.0bn in the United States, out of a total commission pool of US$14.0bn in 2009. According to Greenwich Associates, CSA payments is expected to grow significantly over the next 5 years. It is widely expected that Asia will see rapid growth in the use of CSA payments over the same time frame.

ANALEC is making the ModelViewer platform available on a subscription basis with each subscriber able to choose a specific list of companies on the system and merely pay on subscription lots. Compared to in-house cost of building such content, ModelViewer is unique in the sense that it does not charge anything for the cost-of-build of the content, but merely charges an annual subscription, that delivers an over 70% cost advantage over the in-house cost of maintaining and updating such content at the customer end.

ANALEC recently showcased the ANALEC ModelViewer platform at the Annual Asian Hedge Fund Conference held in Hong Kong between the 13th and 15th of September and secured a very positive response from the conference participants.

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About ANALEC:
ANALEC is a specialized proprietary software-led service provider to the investment banking and investment research industry. It leverages its deep domain knowledge of the investment research and investment banking industry to develop and deploy enterprise level software-enabled business process solutions, addressing very specific organisational issues and challenges within investment research and client servicing functions. Under its remote delivery model, ANALEC offers its customers the option to remotely manage and deliver a range of services. Established in June 2003, ANALEC brings together over 80 years of leading expertise in investment research, investment banking and software development and deployment. Headquartered out of Singapore, ANALEC has a delivery centre in India and business development offices in Singapore and the United States.

Websites: www.analec.com and www.model-viewer.com

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