

## BARRON'S

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# Nasdaq Dives Into Alternative Data

By [Avi Salzman](#) Dec. 4, 2018 12:15 pm ET

Nasdaq (NDAQ) has agreed to buy a [Toronto-based company called Quandl](#) that has positioned itself to become the [Amazon.com \(AMZN\)](#) of alternative investment data—a wide-ranging marketplace where investors can look at information gathered from satellites, credit cards, and other unique sources to help them pick stocks and other assets.

The deal was announced on Tuesday, though Nasdaq did not announce the price. Quandl had previously raised about \$20 million in private-funding rounds.

The sheer amount of digitized information has opened up a new world of information to investors, who formerly have had to wait months for companies to release their quarterly sales and income statistics. Quantitative hedge funds have been using such data for more than a decade, but more-traditional investors are only just starting to buy in.

Quandl is used by eight of the top 10 hedge funds and 14 of the top 15 largest banks, the company says. Nasdaq already has an alternative-data group, but sees Quandl and its 30,000 active monthly users as a key to a larger user base.

**Read More:** [Your Personal Data Is Being Used by Investors. Here's the Potential—and the Risks.](#)

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Deloitte study, Quandl says that alternative data could be a \$7 billion industry by 2020.

Alternative data is a fragmented industry, with dozens of companies selling sets of information to investors. Greenwich, which interviewed 40 asset managers for its third-quarter report on alternative data, said Quandl had the best name recognition in the industry.



This week on *The Readback*, Alex Eule talks with Barron's senior writer Avi Salzman about his recent cover story on alternative data and what it means for the average investor. You can [sign up for the podcast in iTunes](#) or [wherever you listen to podcasts](#).

### The Readback: Wall Street Wants Your Data

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In an interview for this week's [Barron's cover story on alternative data](#), Quandl CEO Tammer Kamel said that his firm is able to provide market-moving information weeks or months before companies release it to investors. Data from insurance companies, for instance, shows what kinds of cars people are buying.

"We can tell you on any given day how many vehicles Ford sold in North America," he said. "That's a classic example of data exhaust being turned into valuable insights for investors."

Quandl offers more than 350 data sources [on its site](#). Some are more traditional—like standard financial statistics—but others can give investors unique information.

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Kamel said in the interview that he is constantly on the hunt for new sources. Last year, he wrote an article in a trade publication for the waste-management industry, asking trash haulers to get in touch with him to see if they had data worth selling to hedge funds.

In an industry that looks to turn "waste data" into streams of unique information, Kamel was taking the most literal route possible. His hypothesis was that the amount of waste picked up from production facilities would correlate with the amount of products the companies were producing. "If it

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### Hathaway

Multiple waste haulers eventually signed test deals with Quandl. But so

far, the information they provided hasn't turned trash into gold, in part because there doesn't appear to be a clear correlation.

"We have not figured out how to use that data to get an accurate-enough read on anything that it's going to be a compelling product for our customer," Kamel said. "It's a good example of what it takes to build a salable research product. It's not easy. You can have the best hypothesis in the world, and actually get the data and then you run it and it's not a leading indicator of anything."

Only about one in 10 times do "you strike gold," he said.

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