

Ravi-Vaidyanathan-President-and-Global-Head- Financial-Services-AI-day-Session-9

Good afternoon. After lunch break, we have to make sure that we keep feeding to your imagination. So hopefully we are doing that so far and we'll continue to do that. My name is Ravi Vaidyanathan. I manage the financial services business for Hexaware. Financial services is our largest business. We work with several Marquee clients in this segment. Some of you are here in this room as well. So, the success of AI is, you know, there is industry consensus that it will deliver its best value if you know the domain and the client's business, right? So, what we really want to do is convert our experience and expertise in this segment, combine it with what is the art of the possible with AI, and launch a new service offering that creates a new market opportunity for us, right? And that's market data offering.

It's ironic, you know, this room is full of financial analysts and I have the audacity standing here explaining your business to you, but just indulge me for a bit because sometimes challenging the status quo is really when, you know, creative solutions come in, right? So first we'll start with, hey, where is this industry at, right? It's a \$50 billion industry, predominantly dominated by two providers, Bloomberg and Refinitiv. You know, between them, they have a 60% market share. And then a handful of mixed set of providers like the S&P, Factset, you know, Morningstars of the world, they have about another 30% market share. And then a long tail of about 3,000, you know, market data providers for the remaining segment, right? That's really the current landscape. If you look from a client perspective, all our clients have a love and hate relationship with market data providers. You know, they can't run their business because fundamentally everything runs, you know, with the information that they have. The hate part comes in because the cost is ever rising, right? There's not a single client I've seen who says, hey, we are happy with where we are with our, you know, cost of market data, right? Our industry consensus is for every billion dollars of assets in our management, clients typically spend million dollars on market data. So, imagine if you're a trillion dollar asset manager, I can bet you're not spending anything less than 100 million in market debt.

We think this industry is very ripe for disruption. And disruption will come in two forms, right? One is the cost of putting together this data is going to, you know, collapse significantly. Now, your data providers are not necessarily going to pass on all that benefit back to the clients, right? The other spectrum of disruption is, do I really need to get all the data and, you know, put it in one place to get the insight that I'm really looking for? AI is really good in delivering you that insight right out of the bucket, rather than having to go through a full, you know, buying the raw data, putting together within your, you know, enterprise and deriving the outcome from there. Those are the two major disruptions that AI can bring and that is the way that we want to kind of write and bring the value back to our clients.

So, what does this mean for Hexaware, right? What is our play? You know, I think our initial play is more focused on optimizing the spend for our clients in the market data space. What does optimization mean? There are two, three levers through which we can deliver that optimization. We look at what data sets we can put together to them that can be directly sourced from where the source of truth is, using a completely agentic AI-led pipeline at a

fractional cost of, you know, of going and buying this from a service provider. The second set of offering is more focused on, instead of providing raw data, can we deliver the insight that you're looking for, which often comes from putting, buying multiple data sets together to arrive at that decision, insight that you're looking at, right? And the third leg of that optimization is more operational in nature, but even there, AI has a significant part. Can we look at, hey, what data are you buying for what purpose across the enterprise and mash it with telemetry information, who is really using that data for what purpose and identify opportunities for optimization, simplification, and getting rid of unnecessary licenses from there. That's really the space we want to start off with. In doing that, we want to work with clients in identifying data sets that, you know, our intent is not to go and compete with the Bloombergs and Refinitivs. That's not the market we are after. It's a very infrastructure-intensive industry as well, right, you know, we're talking about terminals and data feeders and ticker plans and whatnot. We're not planning to go into that market segment. Yet, if there is a usage of a terminal which is just meant to get corporate information, is that data set we can put together as a custom data set for the client and get rid of some of that usage, that would be a market for us to go after. We also want to look at some data sets that doesn't exist today, private markets, right? Or specific custom data products that clients need. Those are products that we are willing to work with our client and potentially create that as a structured product that we can take to the market. That's really the play that we are looking at.

So, what does this mean from a TAM perspective, right? In the cost optimization space, if we take a client who's spending 100 million, you know, we're willing to work with them on an outcome-based model where if we are able to reduce their spend by 20 to 30 million dollars, I'm sure the clients will be happy to share those gains with us, right? So, these are engagements which can potentially lead us to a 10 million, 20 million kind of order size if we work with the clients who are spending in those orders of magnitude, right? If we go down the path of building custom data products or, you know, niche products, data products for private markets and so forth, we can potentially look at, you know, doing this on an ARR basis where, you know, our current metrics indicate we can do about two to three million for every data sets that we can put out there for consumption, right? So that's really how we are thinking about going after this market. I want to bring this all in with an illustration of how this will work in reality, right? Take a client who is a trillion-dollar asset manager, let's say 100 million is the market data spent, right? In the current state, more or less, they are likely to be spending about 40% of that with, you know, market data in the form of terminals that they buy from Refinitivs and Bloombergs and whatnot. There's another 30% is more towards indices, benchmarks that they use for performance management, you know, attribution analysis, you know, a lot of investment decision making and so forth. And another 30% goes towards reference data, you know, to run the business and, you know, to support the business.

Our charter will look at first the entire data span, right? We can take all of the contracts, feed it into our AI engine. We already have built an ontology for determining, hey, what are these contracts really built for? Hey, what are you buying? For whom are you buying, right? And what are the clauses that are associated with that? So, what takes a lot of manual effort to do that, we can now do that with AI to start the journey. And then the telemetry information in terms of who is using this information where within the enterprise.

You'll be very surprised people buy a thousand terminals. Each terminal is about a 25 to \$30,000, right? We're talking about \$33 million just on Bloomberg terminals. If we are able to get rid of 200 of those terminals where people are just using it for part time, or people are just using it for getting a set of data that we can otherwise provide them through by building a custom data set for them, we would substantially reduce that cost. So that's the first pillar that we will go after, right? You know, identifying what are the areas where we can rationalize, optimize the usage between what you bought and what you're using it for. In doing that, we want to identify those data sets that we can create, custom create for you that you don't need to buy from the providers, right? The examples of that is what you see here. You know, if you're talking SEC, a lot of corporate information is now available in SEC regulatory filing information. This is where the Bloomburys and Repunet is, and everybody goes and gets that information and packages it for you. Today, using Agentic Flow, we can go and grab, get, and deliver that data in a fraction of a cost, right? Versus what you typically buy from them. We can also look at, you know, are you buying multiple data sets to arrive at on one single insight? And that insight can be directly delivered, you know, using AI to its core.

The second pillar that you see, the macro and central bank. Today, we are actually launching a product in that space. The objective behind that product is to show the art of the possible, right? I'll show you a demo. You're welcome to come look at it in our booth. We'll also give you a link. Most of you are analysts. We would love you to subscribe and look at the product yourself. Right now, it is freemium and give your feedback. Essentially, this is to prove that, and this product is entirely driven of an AI-driven architecture. There's no human involved, except a final leg where we do a quality check, and that too, until that time, we are confident that everything is correct and complete. This is entirely an AI-driven pipeline that we are trying. So, and in addition, we have a lot of technology that is going on. Now, data can be made available on Marketplace. The same data that we are showing to you on a visual layer is also available on Snowflake Marketplace. So, clients can consume that without having to move anywhere. There is no integration. There is no time to market. As soon as we publish, you have the data available on Snowflake Marketplace. So, think, the traditional model is get raw feeds, store it, do manual analysis. The future with agentic AI is go to the primary source and get your direct insight. If you go that far, a lot of your current business can be rewired, reconfigured to take advantage of this situation.

So, what is this macro IQ? The problem that we are trying to solve is this. I guarantee every one of you is buying the same information from the same vendors, more or less coming to similar decisions. It's just a question of how long it takes for you to get there. But the underlying is this. There is an insight that you need to make a decision at a point in time, and that's what this whole market data is about. In terms of macros, when we say macros, think in terms of GDP, inflation, 10-year treasury, unemployment rate, these are the standard macros that this product is catering to. These are published by, the official versions are given by the Feds, by IMF, World Bank, and so forth. This almost every provider today gives you. You know, what we do is entirely automated agentic pipeline. A lot of providers bring it together using manual workforce today. But that's not the differentiation. The differentiation is what analysts look for is, you know, there is a lot of research, and we cover about 100 odd institutes in terms of what they think about where these macros are headed.

I'm talking about the JPM, Merrill, you know, Morgan Stanley's of the world, in terms of where they think these macros are headed. And what we do is we provide you all of that information

in one single pane of glass that you can look at to directly decide, you know, for your decision-making process. So, if you're a portfolio manager managing a fixed income portfolio, you want to decide, hey, should I buy the 10-year treasury bond today? You'll be looking for, hey, where is GDP headed? Where is inflation headed? Where is my 10-year treasury right? And where is the consensus that this is going to land? That's the information that you're primarily looking for. Today, you're buying a lot of data set to just put it together, scrub it, clean it, put it, to make that decision. We can make that available right at the fingertips, okay? So that's what this product is about. Just to make it a little bit real, I'm going to kind of show you this. This is our macro IQ. You will have the URL. You can register.

A part of the registration, it asks you who you are so that we can personalize the information to your need. So those are features that are kind of automatically built into this. I have set up something called a watch list where I put three indicators out there. You can see there's a GDP growth, CPI inflation, and unemployment rate. Those are three things that I want to track. You go into the view. It typically brings you the historical actuals which are published by the official websites. It gives you estimates for future. Again, mostly coming from the official sites. Little bit of information on actual and estimate. This is how far most providers give you today, right? So, there's nothing magical here. But we do this entirely using an agent AI workflow.

We have agents which does scrubbing behind the scene. We have agents which does quality check. They take data out of unstructured data, put them together as structured data, and produce this information. All of this is currently done manually by legacy data providers. But that's not where it stops. Where it goes is being able to go further. In this case, I'm picking GDP for 2026. And I want to see, hey, what is the industry thinking about GDP at this point in time, right? We have about 21 reports across different institutes. And on this curve, all the way from a 1.4% to 2.8, there is a convergence towards 2.1 to 2.8 here. And if you click here, hey, okay, let me see what's Meryl saying on this. We take you all the way to the source of the truth, in this case, and we provide you an AI summary of what Meryl's research is about. And with the ability to go actually look at the data yourself, which contributed to the summarization. We reported 2.1 for where we think Meryl is stating for 2026, that's coming from here. That gets summarized back in the product out here, right? So that's, again, it's cool stuff, but it's just to demonstrate what is the art of the possible, right? You don't need raw data anymore to do your business. You can go to Insights and run your business, and AI can deliver that. AI can deliver, wherever the data is in the world, it can go get the data, and whatever insight you want to get out of it, it can deliver that insight. Just put that in the perspective and see, hey, what disruption this can do to your market data spend today. We want to work with the clients in unearthing all those possibilities and put it that and unleash the power of AI behind that. That's really the segment that we're looking to.

So, in summary, we want to take the domain strength in areas where we are really good at, look at what is the art of the possible with AI, and combine that and go after newer market segments, and we believe this is one of those areas where we will be able to. Thank you.