



RESEARCH

REPORT

The Disruption Of Bloomberg L.P.

[Digital Banking](#)[Disrupting / Unbundling](#)[Financial Services](#)[Software](#)[Technology](#)[Wealth Management](#)

The Bloomberg Terminal's success in the 1980s birthed an empire. Today, that empire is under siege from competitors, government regulations, and the changing nature of finance itself.

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More than 320,000 people around the world – mainly traders, analysts, and brokers – pay about \$24,000 a year each to use the Bloomberg Terminal to access real-time market data, communicate with other users, get the latest news, pull company data, and more.

Assuming minimal discounting, that would make the terminal a more than \$7B business alone.

Today, the Bloomberg empire spans everything from financial data to television. It has a venture capital arm, a research arm, and a whole suite of products for trading in the capital markets.

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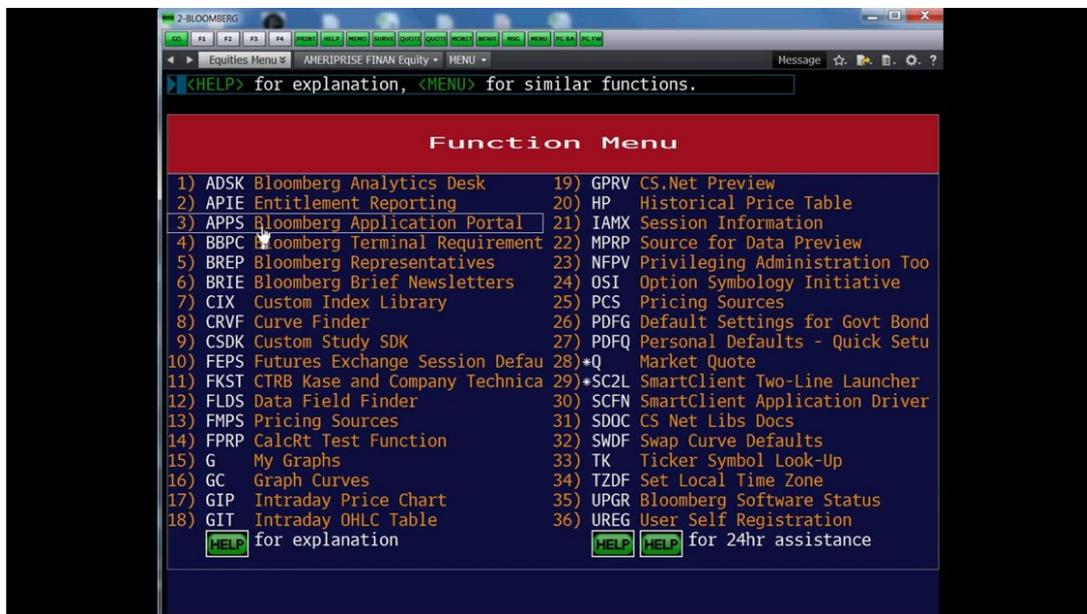
The revenue Bloomberg drives from these other lines of business, however, is negligible when compared to the terminal. Reporting on the news, doing research, and other unprofitable lines of business are tolerable for Bloomberg if they can deliver value to terminal users.

During 2017, general spending on financial market data and analysis rose 3.6% to a record \$28.5 billion. At the same time, Bloomberg's share of that market shrank.

Bloomberg's weaknesses have become increasingly more apparent.

In 2016, sales of the Bloomberg Terminal dropped for the second time ever. The following year, general spending on financial market data and analysis rose to a record \$28.5B, while Bloomberg lost market share, according to the Financial Times.

Very few Bloomberg Terminal users use more than a "small percentage" of the thousands of functions available through it, according to Fortune.



A handful of the several thousand analysis functions available for use through the Bloomberg Terminal.

Specialized alternatives are cropping up for a fraction of the cost, while the financial industry as a whole moves away from the traders reliant on the terminal and towards high frequency trading & automation. Banks like J.P. Morgan have started looking more seriously at ways to chip away at their annual Bloomberg bills.

The world is changing around Bloomberg, but Bloomberg has been resistant to changes that might cannibalize the value of the terminal. By doing so, it has made itself increasingly vulnerable to disruption.

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- **The disruption of the terminal, function by function**
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- **Platform:** How Bloomberg's walled garden might be breached
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The disruption of the terminal, function by function

When it first arrived in 1982, the Bloomberg Terminal transformed Wall Street.

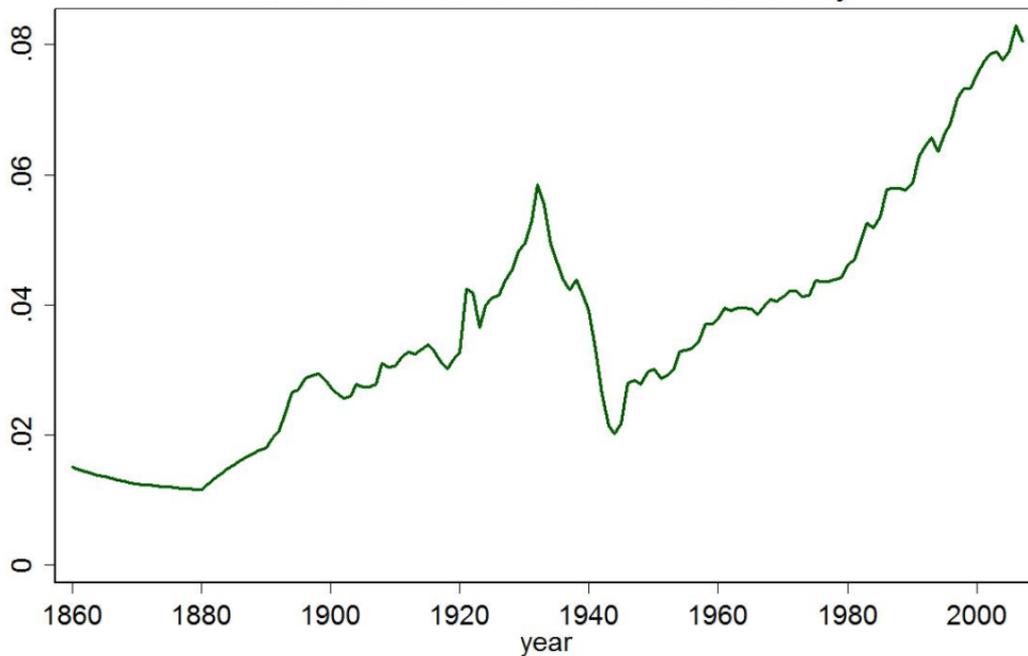
Rather than, say, draw a yield curve for a security from scratch — a process requiring expertise and time — a junior banker could use a Bloomberg Terminal to automatically get the live chart. It then could be updated constantly throughout the trading day with a simple keyboard command.

It was the perfect instrument for a Wall Street that was about to enter its boom years.

The 1980's saw new types of financial instruments like derivatives and more complex markets — Bloomberg helped simplify and make sense of it all.

The Bloomberg Terminal increased the efficiency and working intelligence of Wall Street, and this helped contribute to the financial industry growth throughout the decades to come.

GDP share of US Financial Industry



Source: Philippon, 2008

Then in 2008, the global financial system began to collapse.

During and after the economic downturn that followed the crisis, banks began cutting costs. The New York Post reported that J.P. Morgan and Bank of America were planning to cut up to 7,000 Bloomberg Terminals – the equivalent of about \$168,000,000 a year.

The Bloomberg Terminal still generates billions in revenue, but it faces significant headwinds that are having an impact on the business across each major function of the terminal:

- **Regulations:** The Bloomberg Terminal was born at the turn of the reckless 1980's on Wall Street. After 2008, however, new regulations and compliance requirements emerged that require banks and other financial institutions to keep more capital on hand, spend less on new tooling, and cut costs wherever possible.
- **Artificial Intelligence:** Trading decisions are increasingly left to software designed to find marginal advantages and a competitive edge at speeds no human can replicate. As AI trading tools get better at finding that edge, they can nudge out humans and the Bloomberg Terminals that they use.
- **Unbundling:** As mentioned earlier, most terminal users only use a handful of the thousands of functions. Firms are finding that in many cases, it makes more sense to go to a specialist provider for their data or analytics – in some of those cases, they can get more accurate and insightful information for less money than they would with their entire terminal package.

These three forces are threatening all of the primary functions of the Bloomberg Terminal: data, chat, news, and research — and the company's overall value as a walled garden.

Technology

Human Bankers Are Losing to Robots as Nordea Sets a New Standard

By [Niklas Magnusson](#)

July 29, 2018, 6:00 AM EDT Updated on July 29, 2018, 7:00 PM EDT

In Sweden, Nordea Bank CEO Casper von Koskull announced he would cut 6,000 jobs and replace them with robots. As a result, they were the only big bank in Sweden to report a drop in costs last quarter — they also reported the biggest growth in profits.

It only takes a few big banks eschewing the terminals for a competitor (or eliminating full-service data aggregators entirely) to interrupt the network effects that maintain Bloomberg's virtual monopoly.

And across every main function of the Bloomberg Terminal, the winds are already beginning to turn in this direction.

Data: Why the information long tail doomed Bloomberg's data moat

One of Bloomberg's most valuable properties that has kept it dominant in the financial world is its data. Bloomberg has built the world's largest repository of data useful to brokers, traders, analysts, and researchers that is all available in one place.

The average Bloomberg user, however, only ever uses a few of the Bloomberg's actual functions. Actual usage of Bloomberg's data, therefore, leans toward the long tail.

The discrepancy between the amount of information available through the terminal and the amount that the majority of users ever access has led to two avenues through which upstarts have attempted to challenge and disrupt Bloomberg:

- **Basic users:** As financial institutions seek to cut costs, other providers are offering basic to intermediate level financial information at a lower cost.
- **Specialized users:** Bloomberg's data is not always perfect across every domain. For complex specializations, some Bloomberg users

already supplement their use of the terminal with more precise third-party sources that focus on a single industry, like natural gas or benchmark interest rates.

Today, equities and bonds investing is the main use case for which the Bloomberg Terminal is most steadily recommended as the best option.

The image shows a screenshot of five forum posts from Wall Street Oasis, all in response to a question about the Bloomberg Terminal. Each post includes the user's profile picture, name, rank, and reputation points. The posts are as follows:

- CaptK** (Rank: Neanderthal, 2,344 reputation): "I'll chime in and say that during my time in MM M&A, I never touched the BB terminal once. You can get LIBOR rates on Bankrate.com, and betas for public companies are on Google Finance. Anything else is available in CapIQ." Includes a quote by Paul Graham: "Prestige is like a powerful magnet that warps even your beliefs about what you enjoy. If you want to make ambitious people waste their time on errands, bait the hook with prestige." - Paul Graham
- jec** (Rank: Neanderthal, 2,363 reputation): "There are cheaper options if your purpose is fairly specific. For example, preqin/mergermarket for what you mentioned, or CapIQ for financials etc." Links to "Best Modeling Courses - Finance Training".
- deal_mkr** (Rank: Senior Orangutan, 439 reputation): "we have one in our whole office, and still gets used rarely primarily for finding Betas as others mentioned, forward LIBOR rates, and also has the best data on stock ownership (better than thomson or capIQ) and research coverage mostly I am using CapIQ for basic historical data/screens and thomson for estimates/research as they are accessible via my computer which is obviously more convenient then walking all the way over to the terminal" Links to "Hedge Fund Interview Sample Pitches - Long and Short".
- juniorismistmaker** (Rank: King Kong, 1,613 reputation): "It's certainly a nice luxury to have but firms perspective you can get most of the data from public sources so why would they pay \$25k when they can have you do it manually for no incremental cost." Links to "Financial Modeling Courses".
- jack_donaghy** (Rank: Senior Baboon, 239 reputation): "Modeling: CapitalIQ / FactSet Market yields/rates and Barclays Premier League results: Bloomberg" Links to "Investment Banking Interview Questions and Answers".
- NuclearPenguins** (Rank: Neanderthal, 3,843 reputation): "I rarely use Bloomberg. Pretty much just to see which analysts cover a certain stock and finding the right WACC." Links to "Hedge Fund Interview Questions".

Answers to the question: "Do you need a Bloomberg Terminal in your job in finance?" on Wall Street Oasis

However, less complex transactions like options trading do not require access to a terminal. "[It's worth it] if you are trading OTC,

variance swaps, CDS, etc. ... For exchange traded vanilla, BBG terminal is a waste of money," one ex-Bloomberg employee wrote on Quora in March 2017.

For more niche traders, there is likely to be a firm sourcing data and analytics solely focused on that one space. Often, that data is even better or more accurate than what Bloomberg can offer, and even current Bloomberg users end up hiring them as a complement to what they get from Bloomberg.

For example, those interested in oil & gas can use the Bloomberg BMAP function to track natural gas shipments, but must pay the full \$24,000/year to access all functions of the terminal. Bluegold Research offers virtually the same information for \$720/year – the clear choice for individuals looking only for access to that specific dataset.

Full Access:

\$60 per month



- ✓ 12-week storage forecast
- ✓ Consumption and production forecast
- ✓ Exports and imports forecast (including LNG)
- ✓ End-of-season storage forecast
- ✓ Market sentiment
- ✓ Weather outlook
- ✓ Trading exposure and forward guidance
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The wide availability of specialized data came with the rise of the internet. Especially in fintech, **unbundling** has proven to be an effective way of challenging large and well-resourced incumbents, from robo-advisors like Wealthfront or Betterment to personal loan startups like LendUp or Oportun.

In his book *Bloomberg by Bloomberg*, Michael Bloomberg explains the early importance of his relationships with the companies that would provide the data used on the terminal.

Today, though, a company collecting that kind of information doesn't

need the terminal — it can provide data online to anyone willing to pay. In fact, it can build an inbound business as a data provider rather than dealing with a data distributor like Bloomberg. As a consumer with specialized interests, it may make even more sense to work directly with the original data provider, as Bloomberg packages and analyses the data in ways that may not make sense for everyone.

Bloomberg alternatives offer a wide variety of functionality, from detailed company information (MetaStock) to sentiment analysis (FactSet) to fixed income analytics (InFront).

For many, the data alternatives offered may make the terminal an unnecessary cost — if it weren't for the existence of Bloomberg's much-loved chat function called Instant Bloomberg.

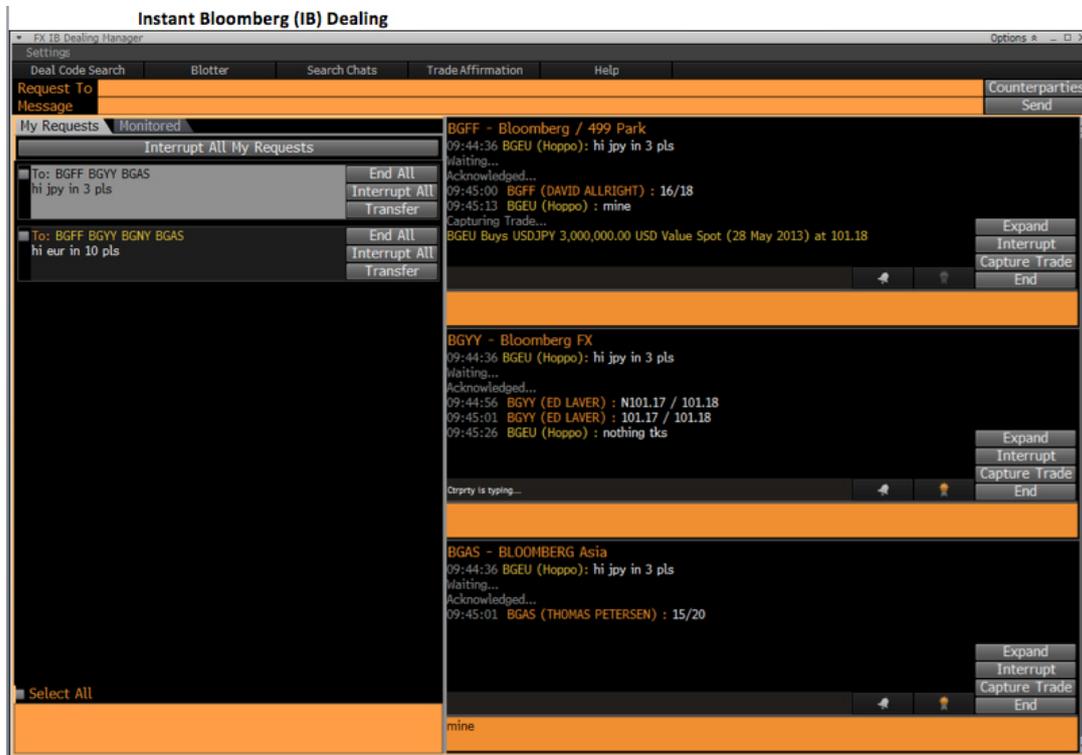
Chat: Why the world's first social network could lose its stickiness

Bloomberg's chat function — Instant Bloomberg (IB) — is so valuable to its wide network of users across finance that the terminal has been referred to as the world's most expensive social network.

Many financial instruments today are still traded through human conversation, and Bloomberg's chat function makes it significantly easier. In 2015, about 200M messages were exchanged every day on IB across 15–20M different conversations, according to Inc.

However, there are viable (and cheaper) alternatives to Instant Bloomberg. While other chat options like Slack have historically struggled to gain traction inside the financial world because of their lack of security and compliance features, Instant Bloomberg has faced its own security issues, inspiring new competition.

Competitors are beginning to attract Bloomberg users away, chipping at the network effects that have kept it dominant for so long — anyone with a Bloomberg Terminal can be found in IB. Just type in their name or where they work and you can quickly find a link to get in touch with them.



Instant Bloomberg allows financial professionals to not only communicate but write contracts. Each message exchanged on the platform is securely archived to ensure compliance with the SEC and FINRA (Financial Industry Regulatory Authority).

From there, traders can send the equivalent of a private message to a list of brokers, asking each for a quote on a specific financial product. If anyone is interested, they can set up the deal, execute it, and ensure that a compliance-ready record is created to mark the transaction in a matter of seconds.

For these types of transactions, the cost of the terminal (or the cost of cheaper competitors like Thomson Reuters) is unimportant – without the Bloomberg Terminal, firms won't even be able to communicate with the other financial institutions they need to talk to in order to do business.

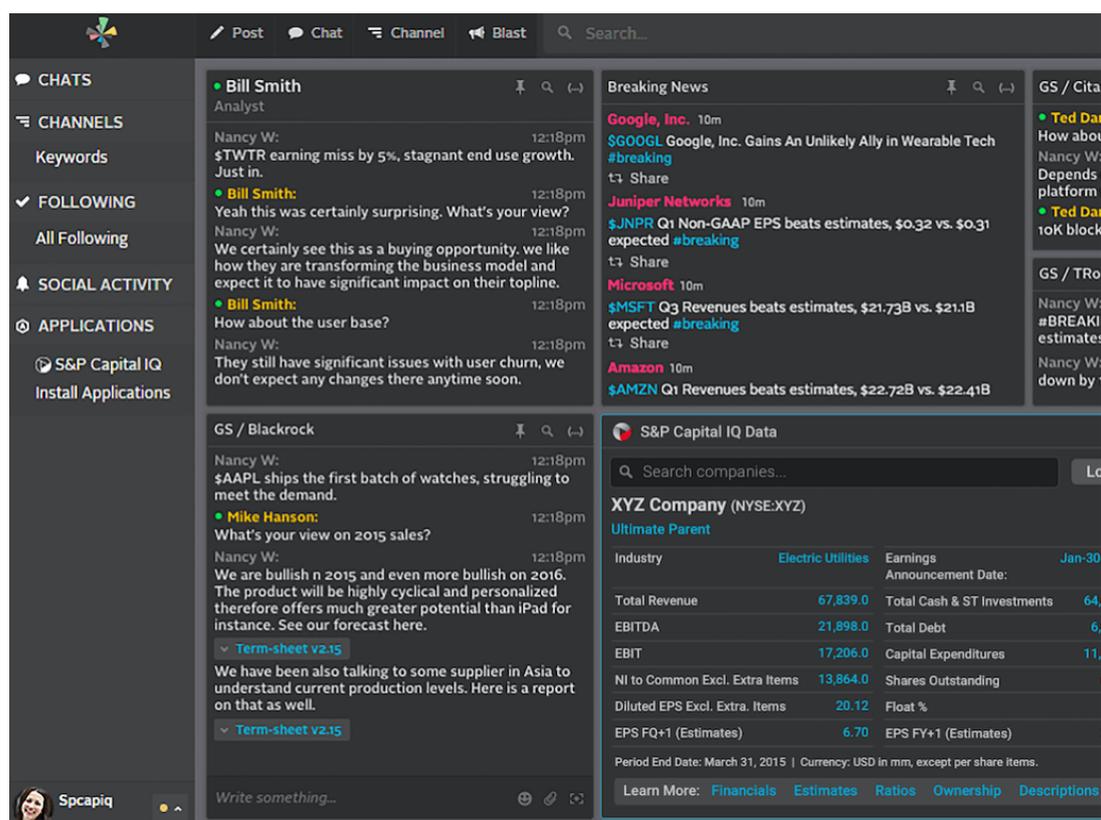
“Most of the functionality [of Bloomberg] is the same and the macro-data is much better [on Thomson Reuters's Eikon]”, Gabriel Sterne, head of global macro research at Oxford Economics told the Financial Times, “But everyone loves IB, particularly on the buy-side. If we want to have good, quick access to our existing and potential clients, it is very difficult not to go with Bloomberg.”

This dominance has also backfired for Bloomberg.

In 2013, a scandal erupted when current and former Bloomberg employees revealed that reporters in the Bloomberg News bureau had

access to transcripts of Bloomberg clients' chats with customer service – information on which functions specific clients used, and the times people used their terminals. Upon the revelation, Goldman Sachs and J.P. Morgan complained and later bought and rebranded the messaging startup Perzo. With an in-house development team, they turned Perzo into an open-sourced financial messaging app called Symphony.

Symphony officially launched in September 2015 with backing from a number of banks as well as Google, BlackRock, Citadel, and Maverick Capital. The product's positioning was simple – take the value of Instant Bloomberg, offer it at a rock-bottom price, and open source it so that its security and privacy can be verified.



Symphony mirrors Bloomberg's emphasis on information density while looking significantly more modern in its interface.

Symphony, which raised \$63 million at a \$1B valuation last year, offered its services at a starting rate of \$15 per user per month.

A year after launch in 2016, it had 116K paying customers from 104 different companies – about a third of Bloomberg's user base – indicating significant traction towards displacing Bloomberg's chat function, according to Business Insider. Today, the number of licensed Symphony users is over 235K.

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Goldman Sachs isn't the only business to take on the problem of chat for finance. Echofin set out to bring a clean, easy-to-use interface to the world of high finance. Slack has also made moves to make itself more appealing to Wall Street, adding in enterprise privacy and security features that could theoretically allow it to be used to get quotes from brokers — though it's already widely used as a complement to tools like Symphony and IB.

The screenshot shows two user responses to a question on Wall Street Oasis. The top response is from UTDFinanceGuy, marked as the 'Best Response'. The user's profile shows a rank of Neanderthal and 3,006 karma points. The response text reads: 'Used it at every company I've ever worked and loved it. You gotta use the /giphy integration though. So when you close a deal, you can drop a dope gif.' Below the text are two quotes: 'It is better to have a friendship based on business, than a business based on friendship.' - Rockefeller. and 'Live fast, die hard. Leave a good looking body.' - Navy SEAL. The bottom response is from guggroth93, with a rank of Neanderthal and 2,265 karma points. The response text reads: 'It's really good for quick project updates and assignments or questions between analysts, associates, and interns. Used it to some extent everywhere I have been, I used it a lot more in banking (S&T now) though.' Below the text is a link: 'Wall Street Prep Discount - Financial Modeling Courses'. Both responses include interaction buttons for Reply, Quote, Bookmark, and FLAG, along with a flag icon and a '2' notification badge.

Answers to the question: "Anyone use Slack?" on Wall Street Oasis

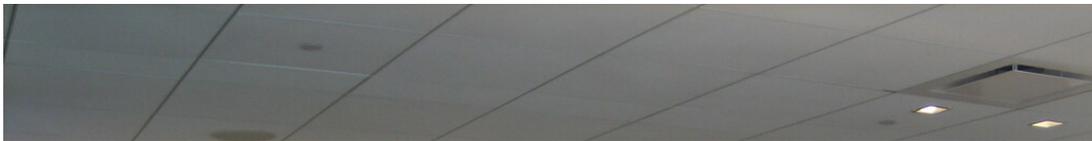
In response to this competition, Bloomberg announced in October 2017 that it would be rolling out a chat-only version of its product at a cost of \$10 per user per month, available to any company with at least one Bloomberg Terminal subscription already in effect.

It's a move that signals how significantly the world around Bloomberg has changed since the early '80s. Products like Slack or Symphony can be a serious threat. The decision to unbundle IB may slow the progress of non-Bloomberg chat tools and encourage people to remain in the Bloomberg ecosystem, but it's a half-measure at best, since only current terminal subscribers can access the cheaper price for chat in the first place.

Just as Bloomberg once innovated in the field of messaging, they also innovated in the world of news. As the first industry Bloomberg expanded into after financial data, news has been a lynch pin of the Bloomberg empire for decades. Can they continue to differentiate?

News: When owning a news bureau ceases to be a competitive advantage

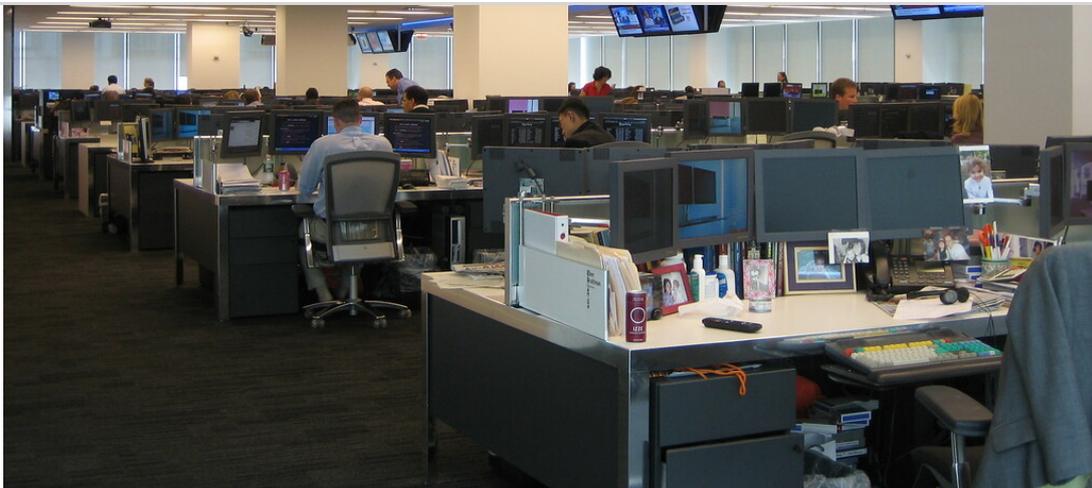
Since getting started in 1990, Bloomberg News has become an influential source of information not just on markets, but on current affairs, technology, government, and business around the world. While other news bureaus have spent the last decade laying people off and shuttering their doors, Bloomberg News has been expanding – thanks largely to the hiring and output possible with revenue from the terminal.



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The Bloomberg newsroom in New York City, circa 2006.

Ten years ago, it wasn't hard to see why Bloomberg News was slated to be a core part of the Bloomberg empire. The company had more reporters working on financial and business news than other outlets, and broke all of its news to terminal subscribers first – for traders, even receiving news seconds before competitors could make for a highly powerful advantage.

Today, however, Bloomberg News looks less like an essential cornerstone of the Bloomberg empire for three main reasons:

- **News is commoditized:** Live or breaking news has shifted from news outlets like Bloomberg and Reuters toward social media sources like Twitter.
- **Trading has changed:** Today, news that can move the markets is picked up by high-frequency algorithms and used to place trades in a matter of milliseconds. Human traders have a much harder time taking advantage in this landscape.
- **Ethical lines have been blurred:** One of the biggest scandals to hit Bloomberg came as a result of the revelation that Bloomberg L.P. had ordered a controversial story to be killed, hurting subscriber trust in the service as an impartial conveyor of the news.

The Bloomberg Terminal was a news machine, in a way, from the beginning. Before Bloomberg, there was no way for banks and other financial institutions to find out about price and yield discrepancies in the market *as they emerged*. Bloomberg, because it was small and nimble, capitalized on the fact that stock exchanges around the world were beginning to come online, and they did it **faster than Dow Jones or Reuters could**.

Eight years later, Bloomberg began hiring reporters, sending them across the world, and having them write stories about what was happening to businesses and in the markets.



Bloomberg News articles appear on the terminal before appearing on the web, and are usually written in a short, declarative, functional style which has become immortalized as "The Bloomberg Way."

Today, of course, breaking news – or news that moves the markets – doesn't need reporters to break. It can get out through other means, such as Twitter.



And if a CEO wants to break market moving news on their own, there's nothing (technically) stopping them from doing it on Twitter themselves.

The opportunity to make money from a marginal advantage on information gathering is mostly gone. Breaking news, to the extent it is being traded on at all, is being traded on by high-frequency trading algorithms that instantaneously process raw news feeds from all around the world.

However, if a human trader does still wants to trade on breaking news updates, services like The Fly On The Wall or Trade The News will let them do it for about \$50 a month.

Finally, there's concern regarding conflicts of interest: news organizations typically avoid commercial dealings that interfere with the topics they cover. Despite this, Bloomberg reported on financial matters — and in 2014, it backfired.

Two articles probing financial ties between China's Communist Party leadership and **wealthy in-country oligarchs were spiked**, and Bloomberg News employees who had been involved in researching and writing the articles went to the New York Times with the story. It was then revealed that the head of Bloomberg News said that running the stories would have gotten Bloomberg "kicked out of China."

Bloomberg editor resigns over handling of China story

By Euan McKirdy, CNN

Updated 8:38 AM ET, Mon March 31, 2014



More from CNN



Sears built the suspense, then reported another bad quarter

More turmoil at Tesla: VP of worldwide finance is out

Source: CNN

Bloomberg editor resigns in protest 04:14

Level: int

Bloomberg senior leadership worried that the publication of the article would result in expulsions from the country and a moratorium on all terminal sales in the country.

China had already flexed its power by ordering state institutions not to subscribe to the Bloomberg Terminal in the wake of another unflattering new story in 2012.

Bloomberg News was the first “side business” that Bloomberg decided to explore, and likely one of its most successful. Even so, the immediacy of breaking news on the internet has limited the value the news still offers to terminal customers in the first place.

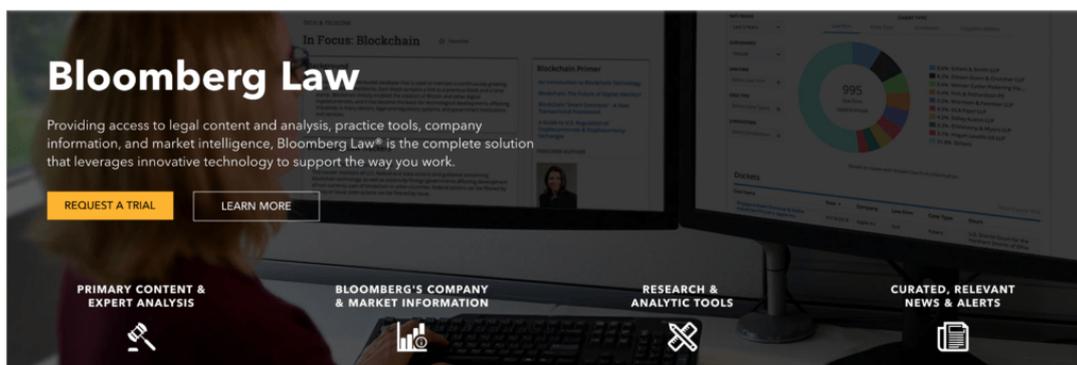
Research: Why ‘Bloomberg’s Vietnam’ failed to capture the right market

One of Bloomberg’s most prominent side projects has been its attempt to develop industry-specific research products to capture a wider swath of the worldwide market of researchers and analysts.

These research products – in law, government, clean energy, and tax – have cost Bloomberg millions in investment.

None of these research products, however, have succeeded like the terminal did. Each has suffered internal problems, cost Bloomberg significantly more than they’ve brought in, and/or failed to capture market share against competing research products.

Bloomberg’s first foray into the world of research products came with the development of **Bloomberg Law in 2006**.



Today, Bloomberg Law owns less than 2% of the legal research market in the United States.

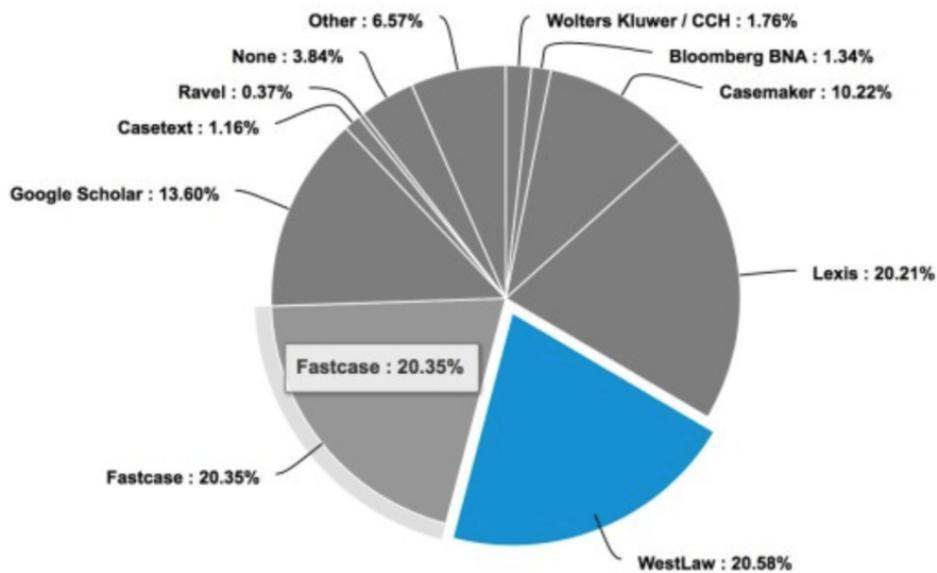
The plan was to bolster the value of the terminal by using it to break into the legal research market, at the time owned largely by Westlaw and LexisNexis.

In reality, most law firms had no interest in paying for the price of a Bloomberg Terminal when they could pay a few hundred a month for the same product from a company already established in the legal space.

In 2008, Bloomberg leadership approved the unbundling of Bloomberg Law and sold it on its own separate website. At about \$5,400/year, it was still expensive compared to the competition, and struggled to gain market share.

In 2011, Bloomberg purchased the newsletter publisher Bureau of National Affairs (BNA), which produces reports on law and government. Two years later, a round of layoffs followed, and the Bloomberg Law team was merged with the BNA team.

By this point, Bloomberg Law was generating about \$20M a year for Bloomberg, according to Fortune. Over its seven years in development, however, Bloomberg Law had cost the firm about \$1B. By 2014, unhappy employees in the Law division of the company were threatening to unionize, and some inside Bloomberg were calling the project "Bloomberg's Vietnam." Bloomberg Law's share of the legal research market remains low, coming in at around 1.34% as of 2017.



While Bloomberg Law was still being built, Bloomberg was at work on another type of independent research unit within the company, a governmental research unit called Bloomberg Government (BGOV). It ran into similar issues, and by 2011, the head of the BGOV team left the company and most of BGOV’s staff was fired.

The main threat that Bloomberg posed to incumbents in these research fields was always its surplus of resources. But in the end, having the advantage on resources didn’t give Bloomberg a true competitive advantage the way it did, for example, with their early news bureau. Today, these projects make up only a small percentage of Bloomberg L.P.’s annual revenue.

Platform: How Bloomberg’s walled garden might be breached

One of the major selling points of the Bloomberg Terminal has always been its platform.

Of Bloomberg co-founder Thomas Secunda, one former Bloomberg executive said to Institutional Investor, “[He’s] a brilliant guy; he’s got a brain the size of a planet, but everything he does is colored by the desire to see everything on the terminal.”

“He has great ideas, but they all lead back to the terminal. If you want to

The company emphasized ease of use and sophisticated functionality of the terminal — from checking the price of a security to analyzing a company’s supply chain, all can

access new functionality, if you want to access product innovation at Bloomberg, it's \$20,000 a year to buy the terminal subscription, and that's nonnegotiable. There's no other way in."

be done with a quick keyboard command.

While the commitment to the terminal was useful in its early days, today, the rise of sophisticated and specialized software-as-a-service (SaaS) analysis options, as well as open-source dashboard options to bring them all together, have made it possible for even the most rudimentary trader to build their own efficient Bloomberg Terminal-like financial research portal.

like financial research portal.

Rather than pay \$24,000/year for one package with thousands of functions, you can build your own dashboard with the exact functions you need for an order of magnitude less. You can use a tool that does precisely what you need it to do – the original premise, as it were, of the Bloomberg Terminal itself.



The Bloomberg keyboard, circa 2018.



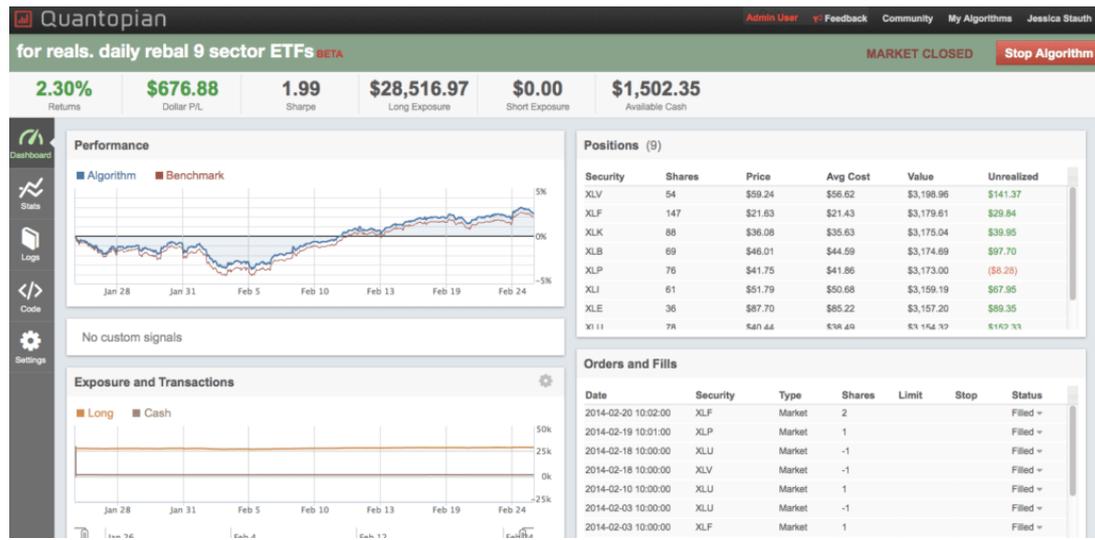
The Bloomberg Keyboard, circa 1983.

The Bloomberg Terminal was designed the way it was, from the ground-up, to fit the exact specifications of traders at the offices of Bloomberg's very first customer: Merrill Lynch.

Since then, Bloomberg has acquired a base of users who need a variety of different functions and do a variety of different jobs, but the Bloomberg interface has remained virtually the same.

With increased regulations and leaner operating budgets, banks are much less inclined to pay \$24,000 for all-in-one software, especially when the average trader, researcher, or analyst is only going to use a handful of functions.

The focused technology of today didn't exist in 1982, when the Bloomberg Terminal was virtually the only source of data for many firms. Now, there are a variety of options for technology at every stage in the process: data production, sentiment analysis, visualization, analytics, investment testing, trading, and more. One such application, Quantopian, allows users to back-test and trade on their algorithms.



Testing a trading algorithm in Quantopian.

Whether it's crowdsourced analyst estimates (Estimize), real-time location data collected by on-site researchers (Premise), or social media sentiment data (PsychSignal), there are a wide variety of specialized tools available.

It's the App Store model applied to financial intelligence.

It is currently most useful for those companies that can't afford the yearly fee for the Bloomberg Terminal, but the notion of an open app ecosystem for finance isn't just to reduce costs.

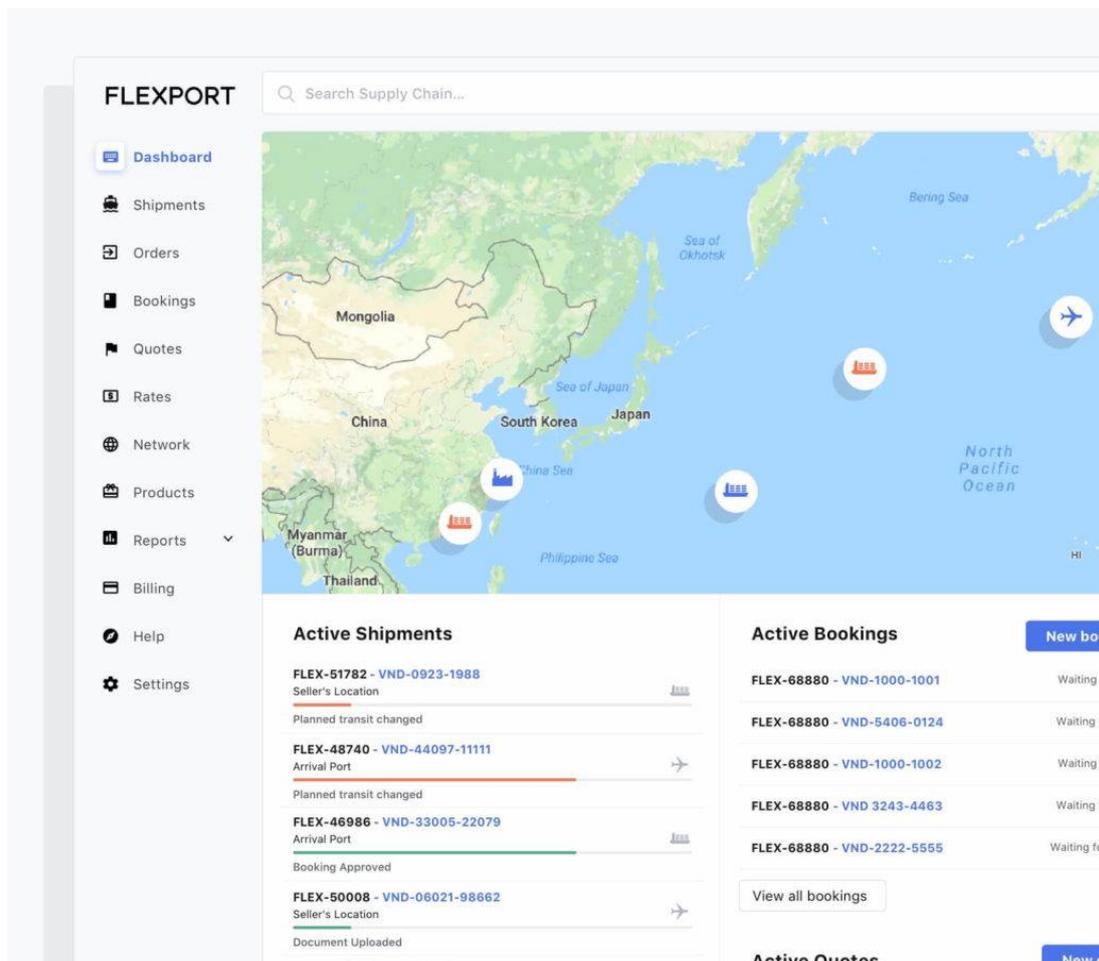
At one point, Adobe, Oracle, and Microsoft had what seemed like virtual monopolies with their walled gardens in various industries. Then, with the rise of SaaS, turned to more tailored platforms to cut costs and increase efficiencies.

The financial terminal and

the future

Perhaps Bloomberg's biggest advantage is its immense resources. The terminal is still a cash cow that has helped the company expand into new product lines and invest in startups that offer adjacent functionalities or better versions of terminal functions.

In 2013, Bloomberg launched its B2B venture fund called Bloomberg Beta. To date, it has invested in Kaggle (data science competitions), Flexport (modern customs broker), Survata (consumer survey creation), and more.



Investing in startups, however, has limits in terms of how well it can fundamentally shore up the value of the terminal.

Startups are more flexible than Bloomberg, and they can focus on one use case and get it right. And the financial world itself has changed. While regulators have cracked down on some of the behavior of the biggest financial institutions, governments around the world have begun actively fostering innovation and upstarts in the financial technology space.

Bloomberg, on the other hand, hasn't made a significant change to their

central product offering since 1982.

As with many powerful incumbents, it seems that the main way Bloomberg seeks to actively defend its position is through reinforcing their bread-and-butter: reliability.

Two of the most cited reasons for Bloomberg's superiority, prized by actual users, are its:

1. **Uptime:** Bloomberg outages are exceedingly rare. When one does occur, it makes international news. For a worldwide network that must run 24/7, reliability is a moat.
2. **Customer service:** When a user has a problem with a Bloomberg terminal, they can immediately connect with a live support rep. This kind of immediate accessibility is a big perk for the firms that pay for Bloomberg.

Startups, on the other hand, can't always offer reliability. But they have a powerful advantage over companies like Bloomberg when it comes to innovating. There are no expectations. They can focus on one potentially profitable problem, and don't need to worry about maintaining revenues from existing products.

While Bloomberg needs to protect the terminal, a startup looking to disrupt the terminal doesn't need to think about anything but delivering value to its customers.

With the rise of new kinds of machine-assisted and crowd-sourced data analysis, a startup can win away Bloomberg customers by coming up with a better model for learning from back-tested trading strategies, or coming up with a better way to analyze price data, and so on. They can innovate at a level that's much more flexible than trying to overcome Bloomberg's resources or relationships with old-school data providers.

While Wall Street's growth through the '80s and '90s created the perfect environment for the success of the Bloomberg Terminal, rules have since changed, technology has come a long way, and the culture of finance itself has become less insular, more open, and more integrated.

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At the same time, Bloomberg seems to remain doggedly committed to the product that brought it its original success, rather than embracing the ethos of unbundling that is rewriting the rules for so much of the finance industry.

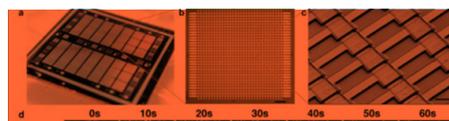
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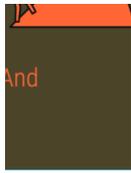
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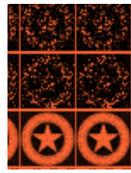
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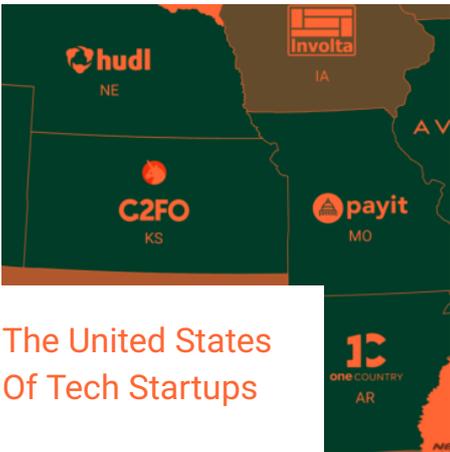
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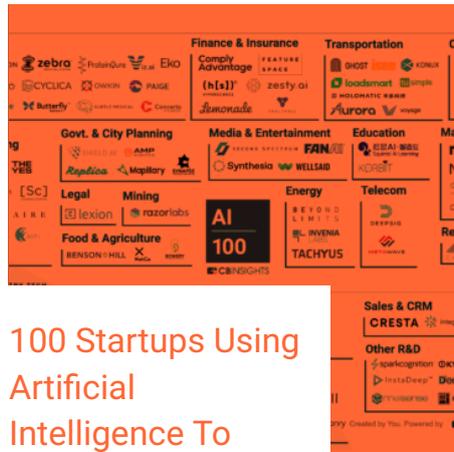
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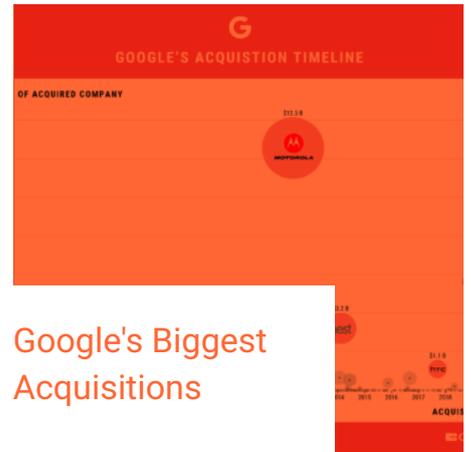
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