Research Report

Corporate Access

Examining the logistics of engagement between companies and the investment community

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Introduction

The past few years have seen significant changes to corporate access. Regulation has limited the opportunities for access in some areas, while technological and service developments have increased opportunities elsewhere.

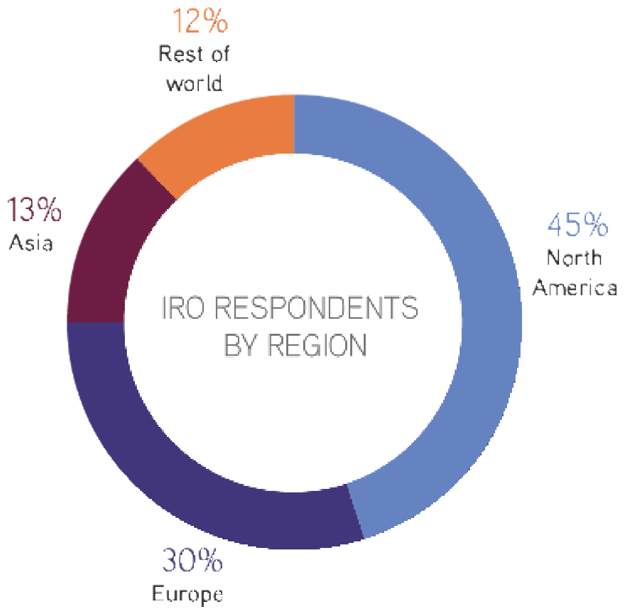
This report monitors the changing landscape by investigating the practices and views of IROs, investors and analysts. We look at how they go about arranging meetings with each other and which agents are commonly involved. We also examine their relative appreciation of these different methods, how this affects their access choices and what changes this has resulted in.

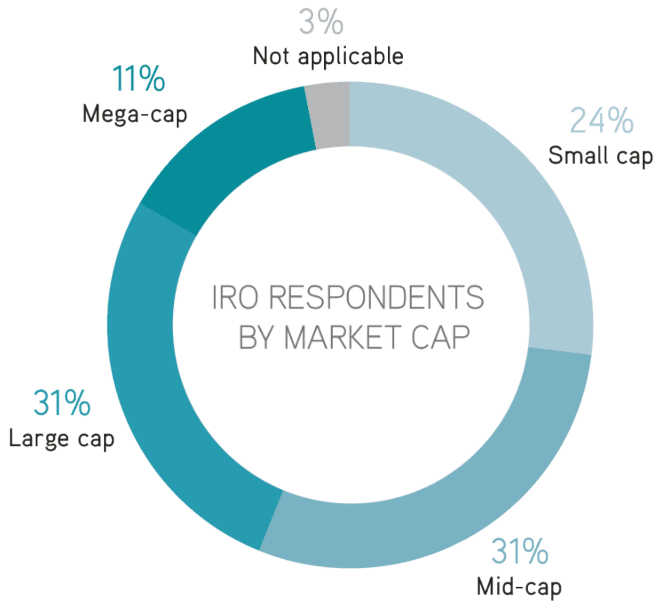
One of the key findings in this report is the rise – in both practice and appreciation – of direct contact between companies and investors. To highlight this we have dedicated a specific section of this report to comparing findings from IR professionals and investors on this issue.

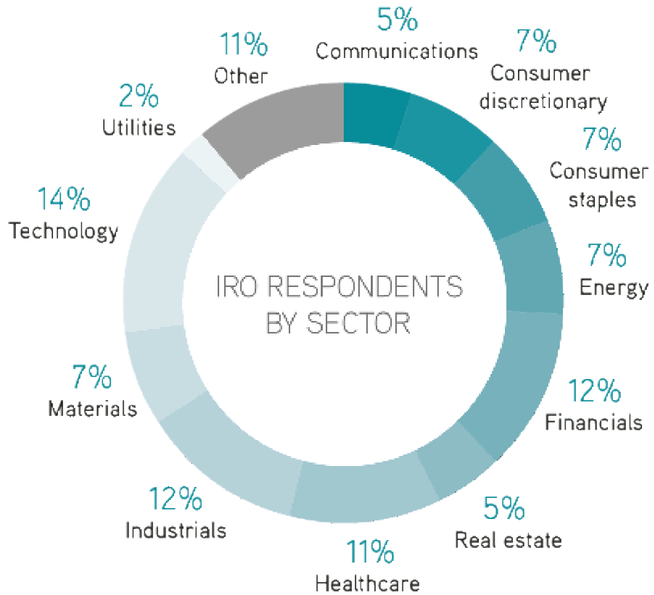
This report is based on findings from the IR Magazine Global Investor Survey conducted in Q4 2020 and the IR Magazine Global IR Survey in Q1 2021. Data from the buy side and sell side is further broken down by geographical region, while information from IROs is broken down by region and company market capitalization. For the purposes of this report, market cap is defined as follows:

Small cap	<$1 bn
Mid-cap	$1 bn-$5 bn
Large cap	$5 bn-$30 bn
Mega-cap	>$30 bn

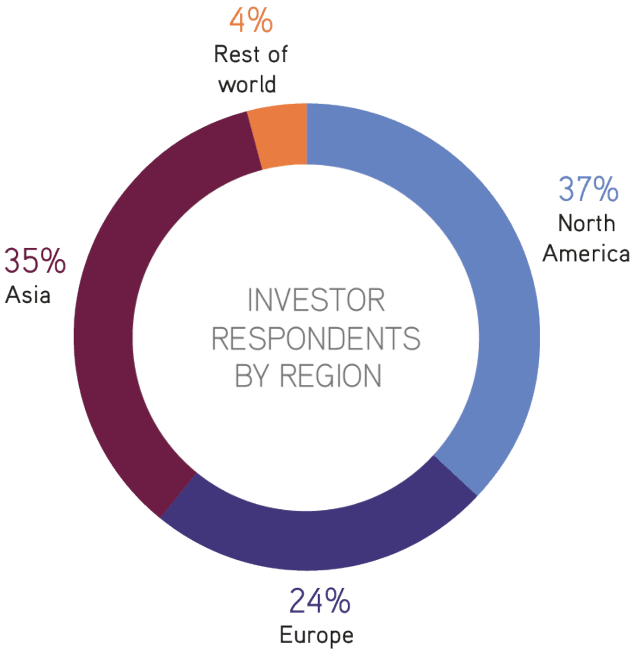
Total IRO respondents: 350

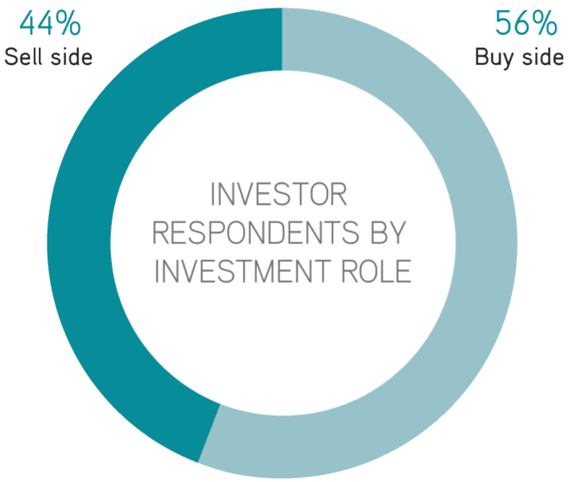






Total investor respondents: 149





Editor
Lloyd Bevan

Managing editor & chief copy editor
Kathleen Hennessy

Design and production executive
James Noden

The IRO view

IROs most satisfied with direct engagement

The IRO view

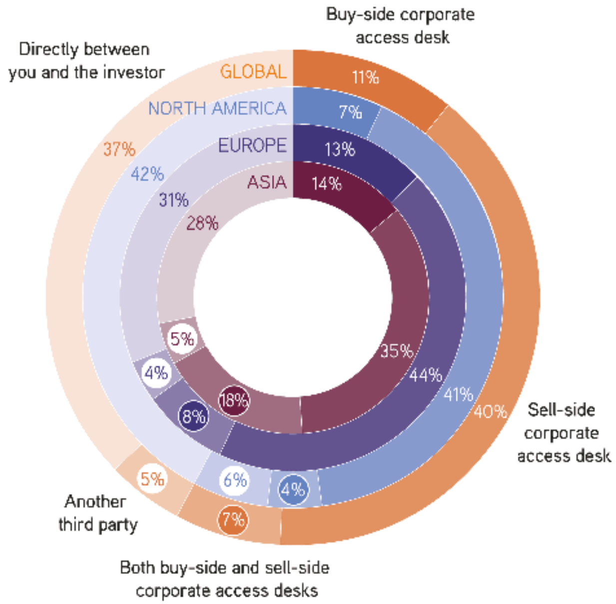
Arranging meetings

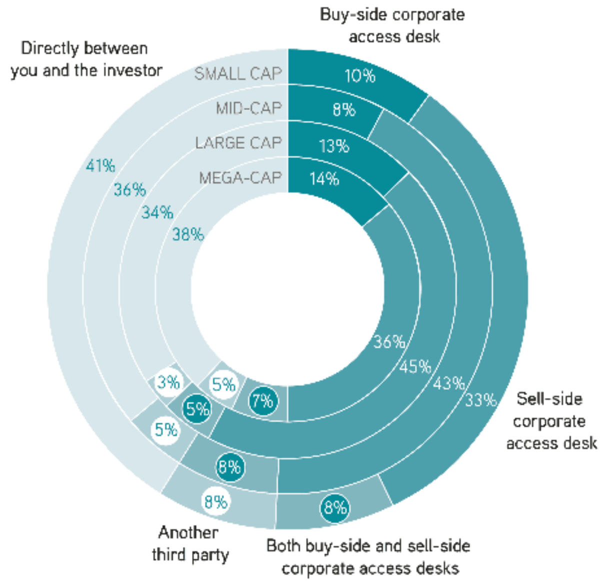
Almost half of the meetings IR teams hold with investors are arranged involving a sell-side corporate access desk. Globally, four in 10 meetings are arranged solely using sell-side corporate access and 7 percent are arranged in collaboration with both buy-side and sell-side corporate access desks.

The next most common way for IROs to arrange meetings with investors is by direct contact with the investor without any intermediary. This is the approach used for 37 percent of all meetings with investors. Other methods not involving sell-side corporate access or direct contact account for the arrangement of a much smaller proportion of investor meetings.

Regionally, North American IROs have the most direct contact with the buy side, with 42 percent of their investor meetings arranged this way. Asian IROs have the majority of their investor meetings arranged via the sell side, while 28 percent are arranged via direct contact with the investor.

According to company size, small-cap firms have the highest proportion of investor meetings arranged through direct contact and the lowest percentage involving the sell side. Mega-cap companies have the highest proportion of meetings arranged involving a buy-side corporate access desk.

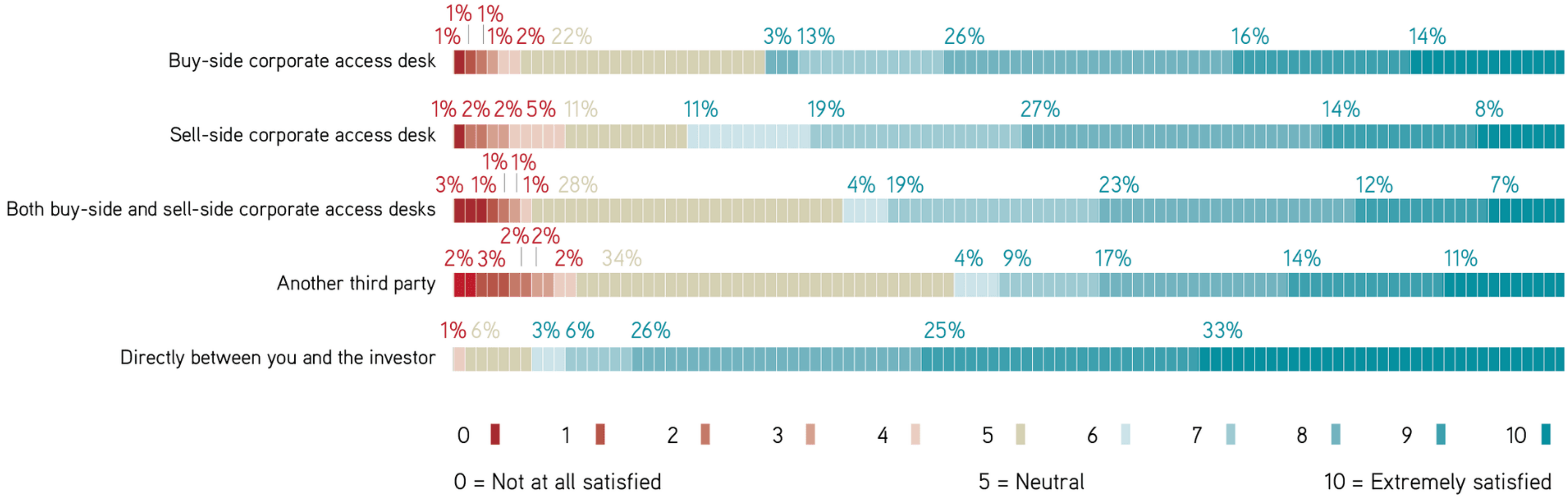




Satisfaction

IROs clearly prefer to arrange meetings directly with investors than to use any other method: 93 percent are satisfied with direct-contact arrangements, with 84 percent giving a high satisfaction rating of 8+/10 and a third giving a perfect score of 10.

Sell-side corporate access is the next most-favored way of arranging meetings, with 79 percent satisfied and 49 percent highly satisfied. All agents involved in arranging investor meetings receive a solid proportion of IROs highly satisfied. The highest level of dissatisfaction is with third parties other than the buy side or sell side, where 11 percent of IRO respondents give a score lower than five.

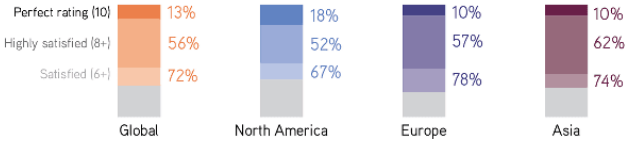


Satisfaction by region

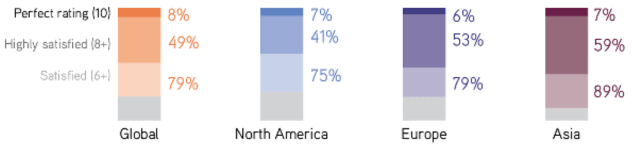
Arranging meetings directly with investors is the most-favored approach by IR professionals in every region, with 97 percent of European IROs satisfied with this method and at least eight in 10 in every region giving a high satisfaction rating of eight or above. No European or Asian IROs express any dissatisfaction with this method, while just one in 50 North Americans do.

Arranging meetings via sell-side corporate access is the next most-appreciated method by European and Asian IROs, while European IROs give the highest satisfaction rating of any region to using buy-side corporate access. Arranging meetings using both buy-side and sell-side corporate access is least favored by North American IROs.

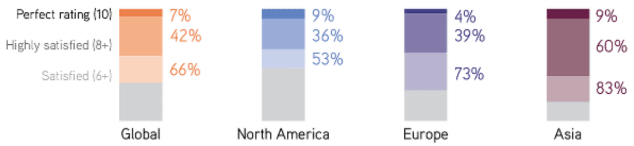
Buy-side corporate access desk



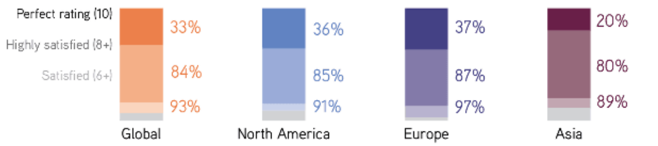
Sell-side corporate access desk



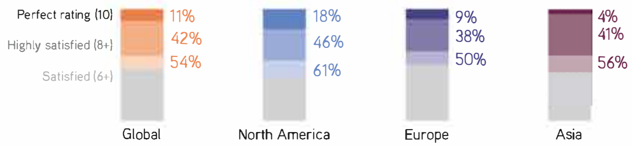
Both buy-side and sell-side corporate access desks



Directly between you and the investor



Another third party

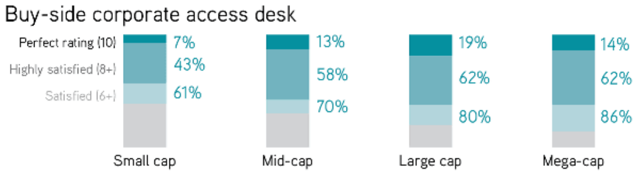


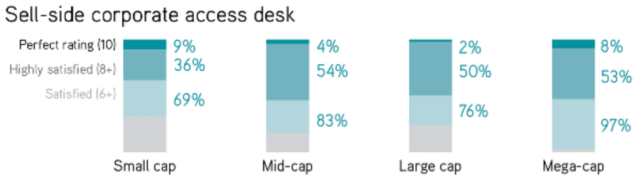
Satisfaction by cap size

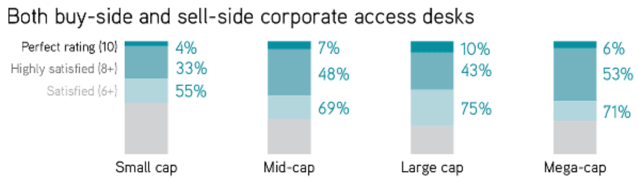
Satisfaction for arranging meetings directly with the investor tends to increase with company size. All mega-cap IRO respondents express satisfaction with this method, while the number giving a perfect satisfaction score of 10 rises from 23 percent of small-cap IROs to 51 percent of mega-caps.

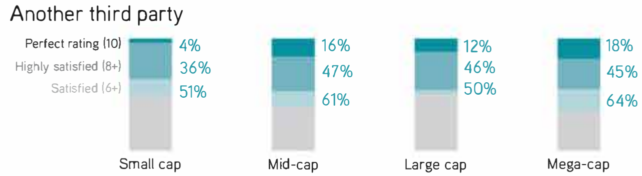
Broadly, satisfaction with all methods of arranging investor meetings increases with cap size, with satisfaction levels for all methods being notably lower among small-cap IROs than IROs at all other cap sizes, except for meetings arranged via another third party, where the lowest satisfaction rating is to be found among large-cap IROs.

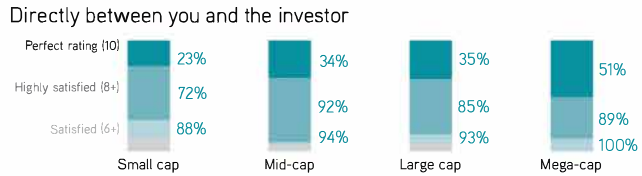
Just 4 percent of small-cap IROs give a perfect score of 10 for arranging meetings through buy-side and sell-side corporate access together, through the sell side on its own or through another third party.











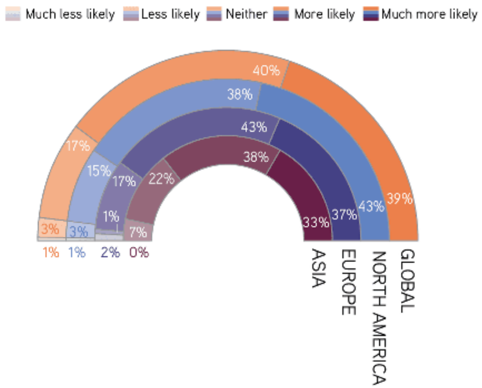
Direct contact

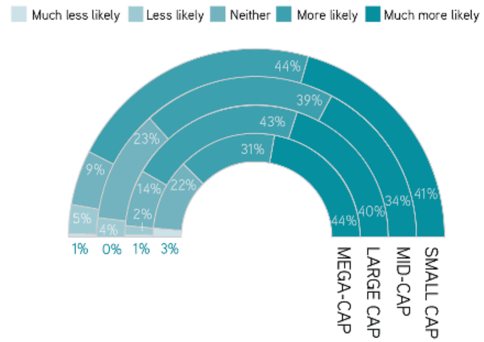
The past few years have seen a considerable rise in direct contact between IROs and investors. More than three quarters of IROs are more likely to both reach out to investors and to respond to direct investor contact, with 46 percent saying they are much more likely to respond to investors. Only 4 percent are less likely to reach out to investors and 1 percent less likely to respond to investors.

These findings are consistently strong across every region, with Asian IROs slightly less likely to reach out to investors and North American IROs slightly less likely to respond to investor contact than IROs in other regions. According to company size, small and large-cap IROs are more likely to reach out to investors, while small and mega-cap IROs are more likely to respond to investors.

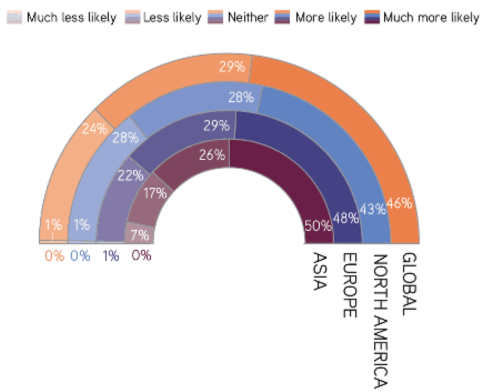
Over the past few years, have you become more or less likely to do the following?

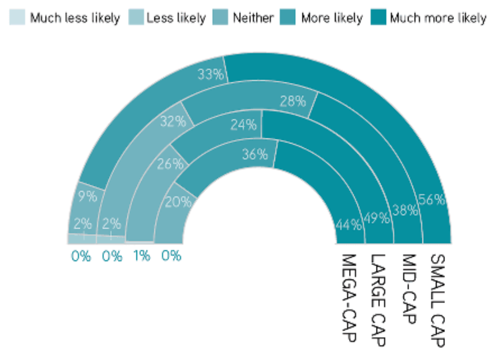
Reach out to investors directly





Respond to direct contact from investors





Corporate access changes

When asked to comment on how their attitude to corporate access has changed over the past few years, the most common issue IROs mention is the increase in direct contact. While this is often seen as a response to the changing nature of corporate access, it is mainly viewed positively by IROs.

A decline in the sell-side role is also frequently mentioned. A few respondents mention a decline in quality but most simply think sell-side corporate access is no longer needed as much as before. While some IROs see no change in corporate access, other issues mentioned include virtual meetings, increased buy-side engagement in general and quality of meetings.

Comments

Over the past few years, how has your attitude to corporate access changed?

Asia and Europe

Asia	Large cap	Other	'Everybody has gone online, with different levels of capability. We agree to most, but some make it difficult with too many layers of tech security'
Asia	Large cap	Communications	'Increasingly approach investors directly or am approached by investors directly, but still keep sell-side corporate access as an option'
Asia	Mid-cap	Healthcare	'Less sell-side corporate access remaining within the market. I think its budget has shrunk, too. But corporate access is still good as it is a good use of management time to have group meetings'
Asia	Large cap	Healthcare	'Since Mifid II, substantially higher effort is required to ensure proper corp access as incoming broker requests decrease'
Europe	Large cap	Financials	'A higher percentage of investor meetings are now in the virtual space. More direct contact with investors for organizing meetings and getting feedback'
Europe	Large cap	Materials	'Buy side trying harder to get attention and stand out from the crowd, sell side reaching out to corporates more as its teams get bigger'
Europe	Mid-cap	Financials	'If anything, today I value corporate access more than before'
Europe	Large cap	Industrials	'It hasn't changed. We have a clear target list of investors, and we use brokers/intermediaries for logistical help in targeting them'
Europe	Mega-cap	Healthcare	'Love the idea of corporate access on the buy side. For our large buy-side shareholders, we may have portfolio managers that own the stock in many different countries and corporate access has been helpful in navigating through the complexities'
Europe	Mid-cap	Consumer staples	'Need to use more brokers to broaden reach as individually they seem to have less coverage'
Europe	Large cap	Healthcare	'Not much change, but probably more buy-side corporate access'
Europe	Mega-cap	Consumer staples	'We are more specific on who we want to meet with, not leaving much room for broker to add investors to meetings'
Europe	Mega-cap	Healthcare	'We are since this year offering meetings directly to our Tier 1 shareholders. The take-up of this offer is mixed, which I do not really understand'
Europe	Mid-cap	Utilities	'We do much more direct contact now, and technology has made that easier'
Europe	Large cap	Real estate	'We will move to do more directly. Sell side offers only its clients, partially missing out important investors as they are not clients of the broker any more due to Mifid II/market concentration'

North America and rest of world

North America	Large cap	Technology	'Buy side is much more self-sufficient. Sell side continues to schedule more short-term, high-turnover investors'
North America	Large cap	Energy	'Buy side seems less concerned about meeting quality: filling the schedule seems to be more important'
North America	Small cap	Healthcare	'Corporate access teams at investment banks have become more sophisticated, directed and targeted in terms of investor targeting and engagement'
North America	Small cap	Industrials	'Following Mifid II, we have taken on a far more proactive role in ensuring our messaging is received and understood by the buy side'
North America	Large cap	Consumer discretionary	'Harder to get value out of sell-side sponsored events. Large well-attended conferences still provide value but smaller conferences and non-deal roadshows with the sell side have become less beneficial'
North America	Mega-cap	Healthcare	'I view the role of sell-side access teams as becoming increasingly challenged. We are seeing several direct events being raised by buy-side corporate access teams'
North America	Large cap	Energy	'It's more important that investors can readily engage with IR and management regardless of who initiates and supports making it happen. I've evolved my attitude and approach to make sure all forms of engagement are enabled'
North America	Mid-cap	Consumer discretionary	'More forceful with pushing hedge funds and the like into larger group meetings at sell-side events'
North America	Mid-cap	Industrials	'Sell side seems less focused on obtaining meetings preferred by the company and more on meetings with its top revenue clients'
North America	Small cap	Technology	'We have become more selective and less dependent on the sell side to arrange meetings. The working-from-home trend has freed up the ability to connect directly more frequently with potential investors. I think the buy side largely prefers it this way, too'
North America	Mid-cap	Materials	'We track companies that take a position and then propose a direct meeting with the portfolio manager, or pursue other contacts such as ESG that don't necessarily require corporate access'
North America	Small cap	Energy	'Worsened. The quality of meetings has deteriorated. It is becoming clear that sell-side corporate access is more interested in being credited for arranging the meeting than the quality of the meeting itself'
North America	Mid-cap	Technology	'Would like to see more direct engagement with buy-side corporate access. Sales desks are increasingly irrelevant. Conversely, worry that will make IR outreach more difficult'
Rest of world	Large cap	Consumer staples	'Have determined to take more of the arranging of meetings on ourselves. Covid and virtual world accelerated this but was moving in that direction before'
Rest of world	Mid-cap	Real estate	'I love them, but they are sadly under-staffed and over-worked'

View from the buy side

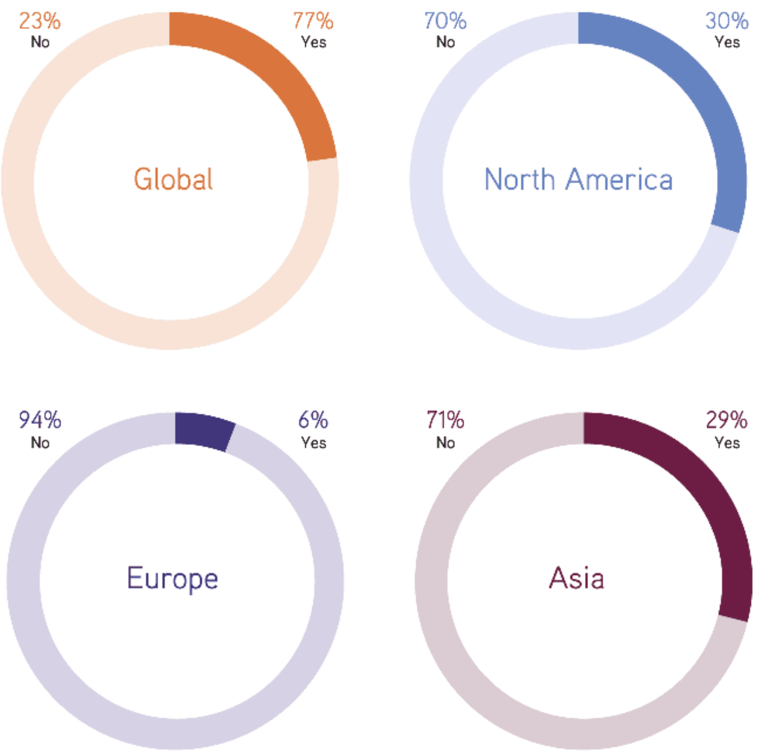
Buy siders favor sell-side corporate access

View from the buy side

Corporate access desk

Less than 25 percent of buy-side investors and analysts polled work in organizations with a dedicated corporate access desk, which means more than three quarters do not have this facility available to them. The portion with an in-house corporate access desk rises to 30 percent in North America and 29 percent in Asia, so the lower global number is due to just 6 percent of European buy-siders having availability in their organization.

Does your organization have a corporate access desk?



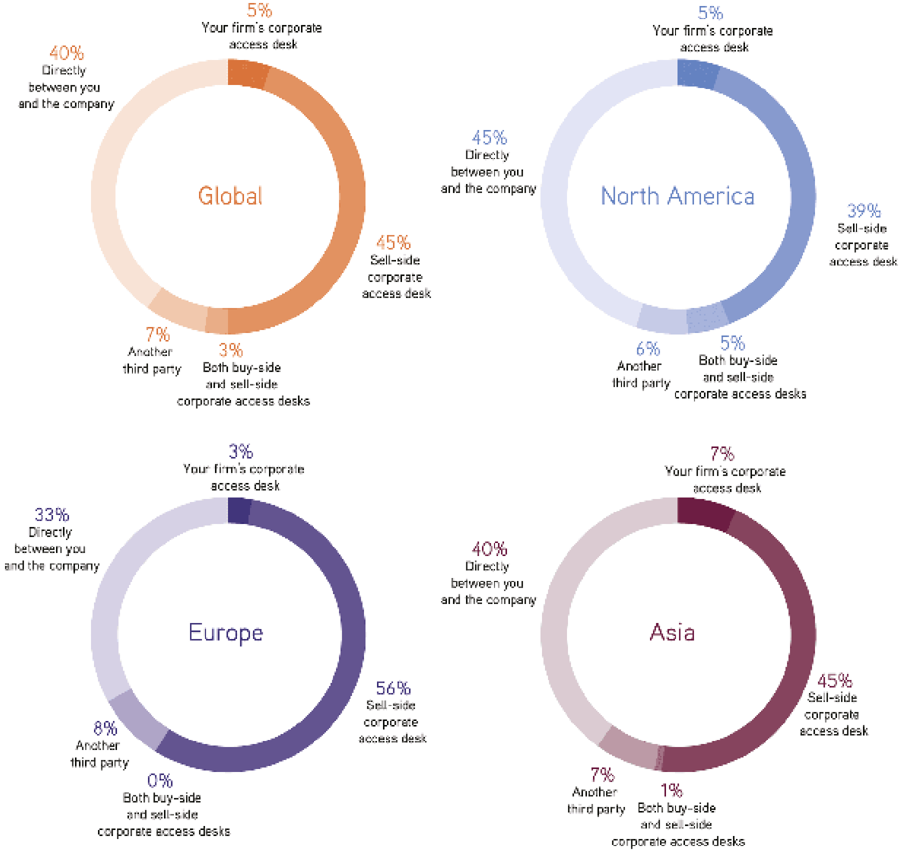
Arranging meetings

Just under half of meetings with companies are arranged using sell-side corporate access, making it the most-used method by buy-side respondents. Four in 10 meetings are arranged directly with the company and this is clearly the second-most common means of arrangement.

Direct contact is less common in Europe than in North America or Asia. It is the most common way for the North American buy side to arrange meetings.

As fewer than a quarter of buy-siders have access to an in-house corporate access desk, the overall numbers using them are low. Where access to such facilities *does* exist, however, they are the most-used arrangement, with 43 percent of meetings involving them. The majority of buy-side corporate access desks are in North America.

What percentage of your meetings are arranged involving the following parties?

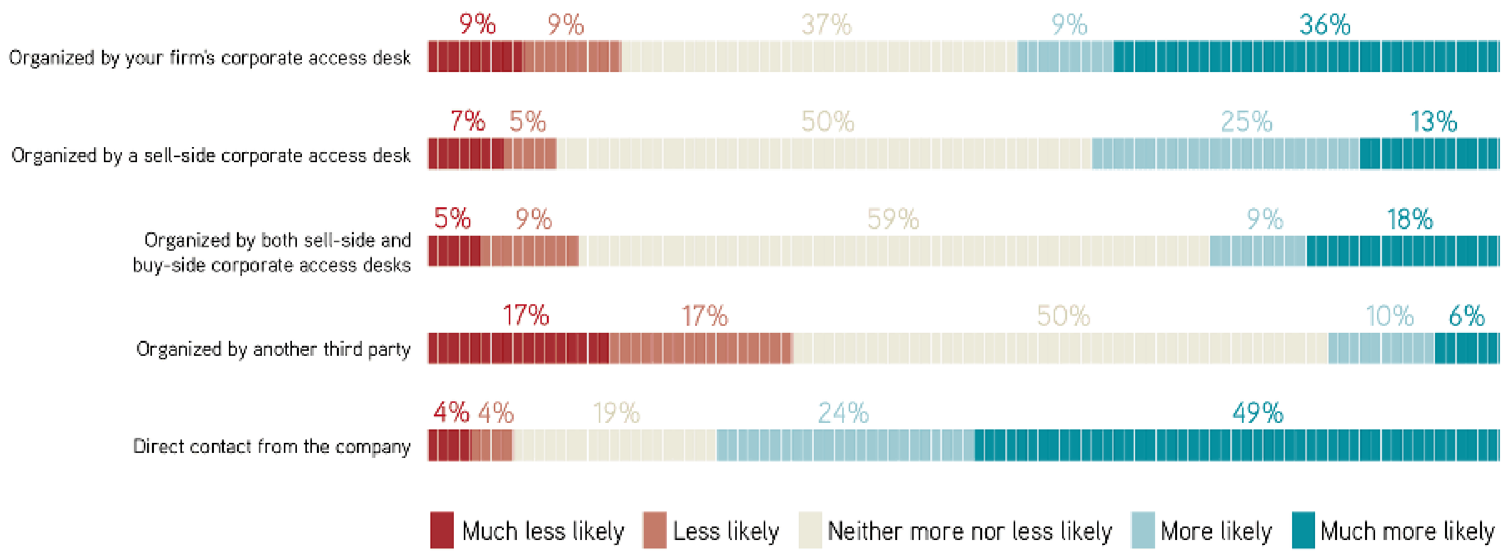


Taking meetings

Direct contact is the most successful way to arrange meetings, with almost half of buy-side respondents saying they are much more likely to take a meeting with a company if the company approaches them directly rather than using a third party. Only 8 percent say they would be less likely, with 19 percent stating that it would not make a difference.

Arranging meetings through a buy-side corporate access desk also has a high success rate. Although only 23 percent of buy-siders have access to such a facility in their work, 45 percent say they would be more likely to take a meeting this way, compared with 18 percent who say they would be less likely. Going through a non-buy-side or sell-side third party is the only method of arrangement where more buy-side respondents say they would be less likely to take a meeting.

Comparing the following methods of corporate access, how much more or less likely are you to take a meeting?

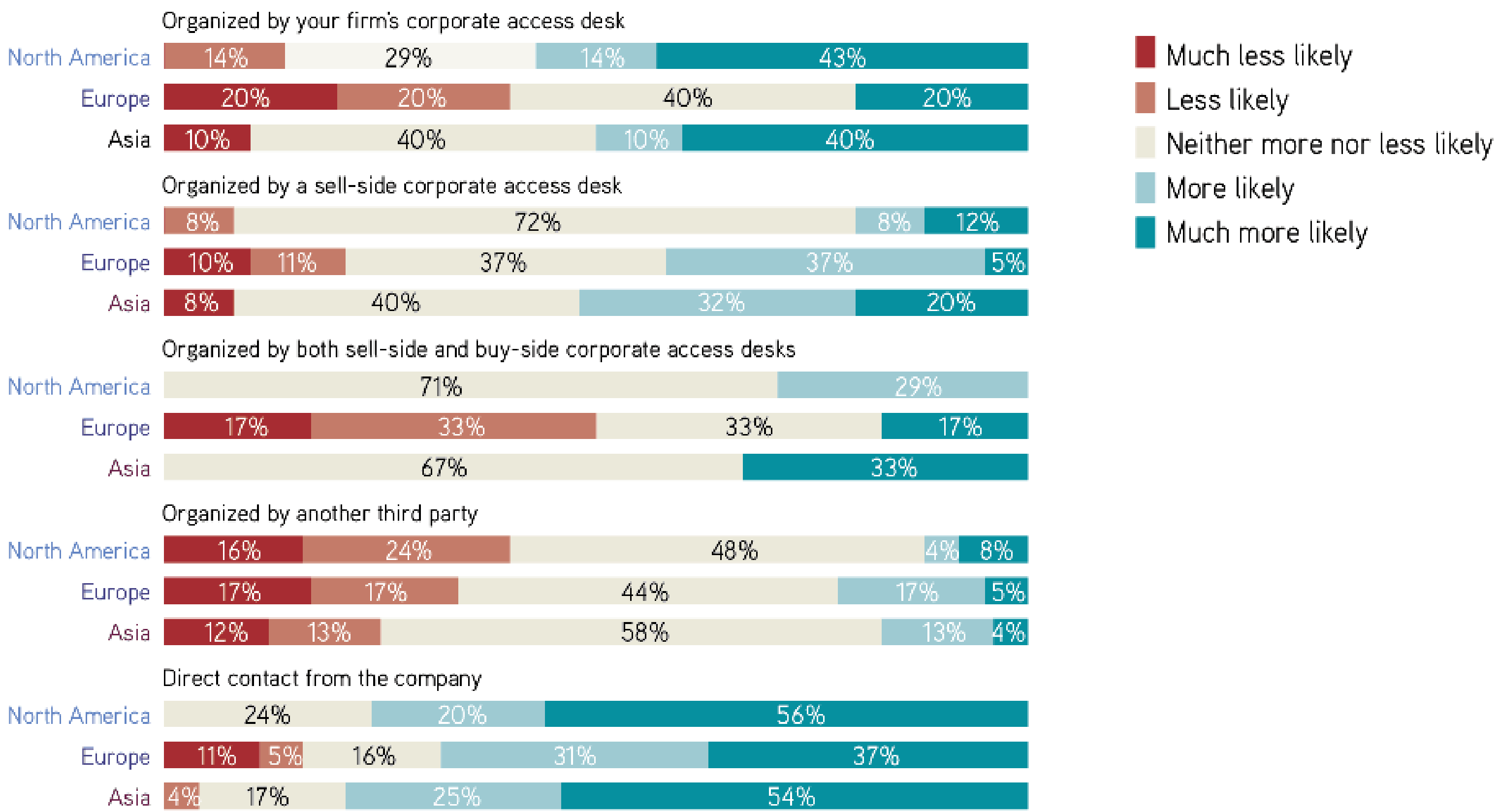


Taking meetings by region

Although direct contact is the most successful means of arranging meetings in every region, it is slightly less so in Europe than in North America or Asia. Among European buy-siders, 16 percent say direct contact would make them less likely to take a meeting, compared with none in North America and just 4 percent of Asian respondents.

Asian fund managers and buy-side analysts are the most appreciative of conventional sell-side corporate access, with more than half saying such approaches make them more likely to take a meeting. North American buy-side respondents are the most neutral and Europeans the most hostile toward sell-side corporate access.

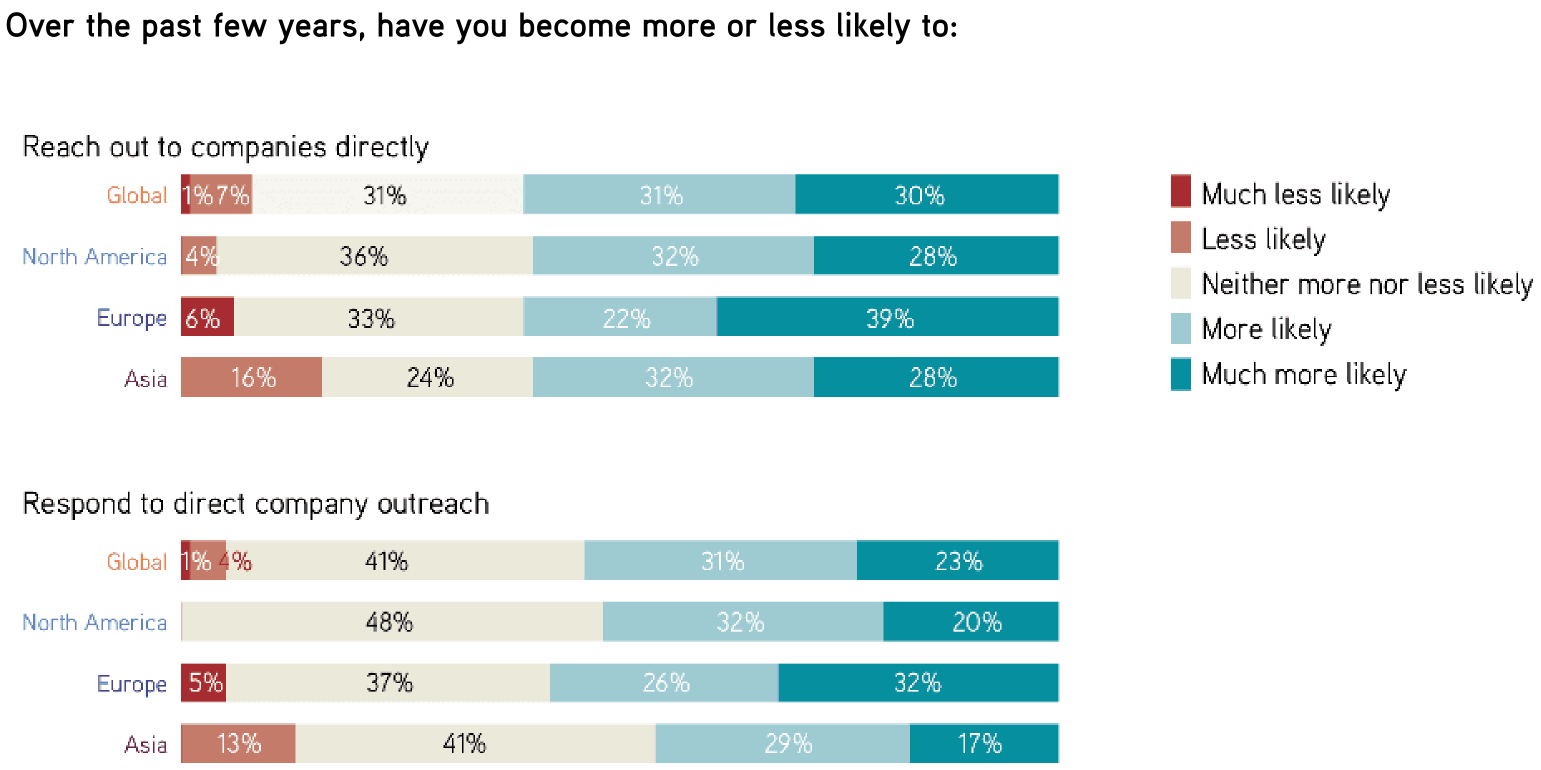
Buy-side corporate access is more popular than sell-side access in North America. Of those who have an in-house corporate access desk, more than half of North American buy-siders are more likely to take a meeting arranged this way, compared with 20 percent who favor conventional sell-side corporate access and 29 percent who



Direct contact

More than six in 10 buy-side investors and analysts have, over the past few years, become more likely to reach out to companies directly to arrange meetings, with three in 10 saying they have become much more likely. At the same time, more than half are more likely to respond to direct company outreach, compared with just 5 percent who say they have become less likely.

The trend for reaching out directly to companies is consistent in every region, while the trend for responding to company outreach is slightly lower in Asia and slightly higher among European buy-siders.



View from the sell side

Increased workloads for
sell-side corporate access

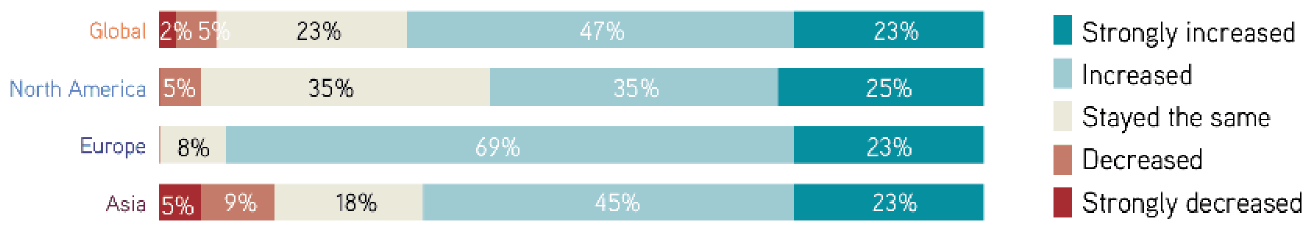
View from the sell side

Changes to corporate access workload

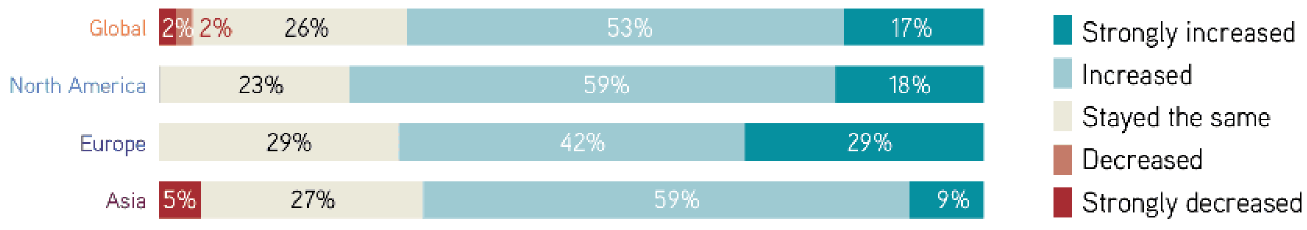
Despite the clear increase in direct contact between company and investor and the emergence of buy-side corporate access desks, seven in 10 sell-side respondents say the volume of corporate access work has increased in their organization over the past two years, with 23 percent reporting a strong increase. It is also made clear that this trend existed prior to the Covid-19 pandemic.

Regionally, this trend is most prominent in Europe where 92 percent of sell-siders have seen an increase in corporate access in the past two years, 71 percent prior to the Covid-19 pandemic. In North America the trend drops slightly with Covid-19, as prior to the pandemic more sell-side respondents were witnessing an increase than have done so over the course of the whole past two years.

How has the volume of work on your corporate access desk changed in the past two years?



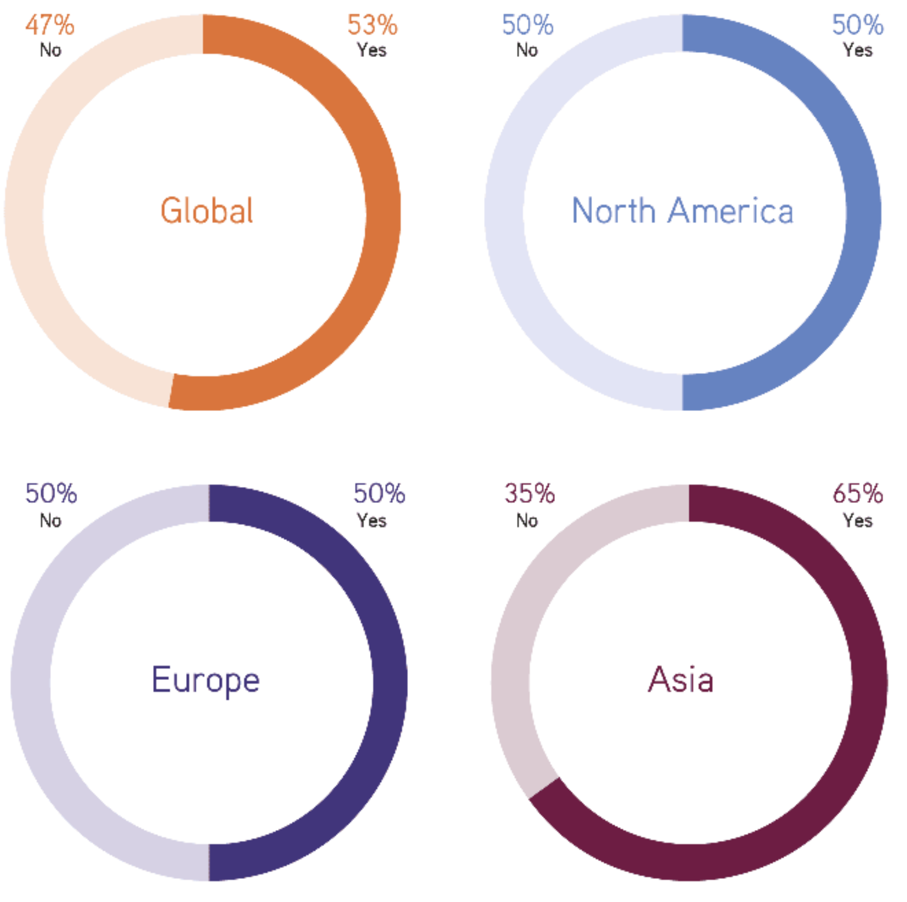
How was the work changing prior to the Covid-19 pandemic?



Engaging with buy-side corporate access

More than half of sell-side respondents to our survey engage with buy-side corporate access facilities in the course of their work. Regionally, this figure is exactly half in North America and Europe. It is in Asia where engagement is highest, with almost two thirds of Asian sell-siders saying they work with buy-side corporate access.

In your work, do you engage with buy-side corporate access?

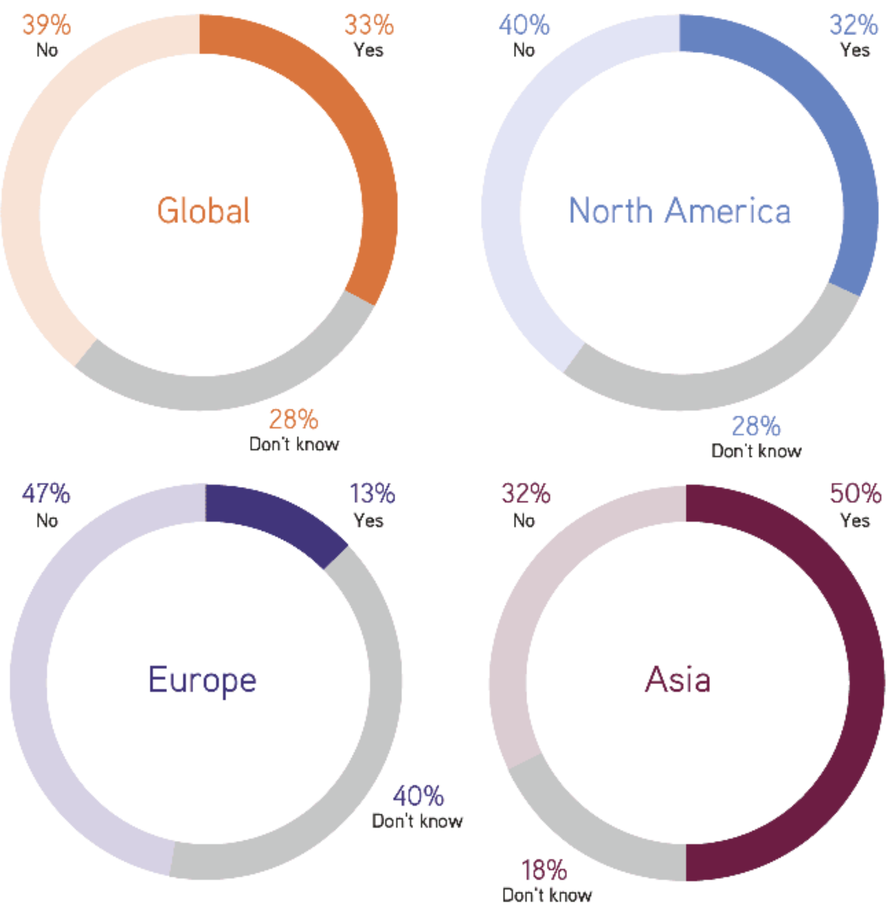


Changes to buy-side engagement

Sell-side respondents are broadly mixed about whether they expect to see changes in their engagement with buy-side corporate access in the future. While a third expect this relationship to change, 39 percent expect no change and 28 percent are unsure.

Asia again appears to be the most dynamic region, with half expecting their relationship with buy-side corporate access to change and less than a third expecting no change. Only 13 percent of European sell-siders are anticipating a change, almost half expect no change and four in 10 are not sure.

Do you expect your relationship with buy-side corporate access to change in the future?



The rise of direct contact

Direct engagement should continue to increase

The rise of direct contact

Direct contact level and appreciation

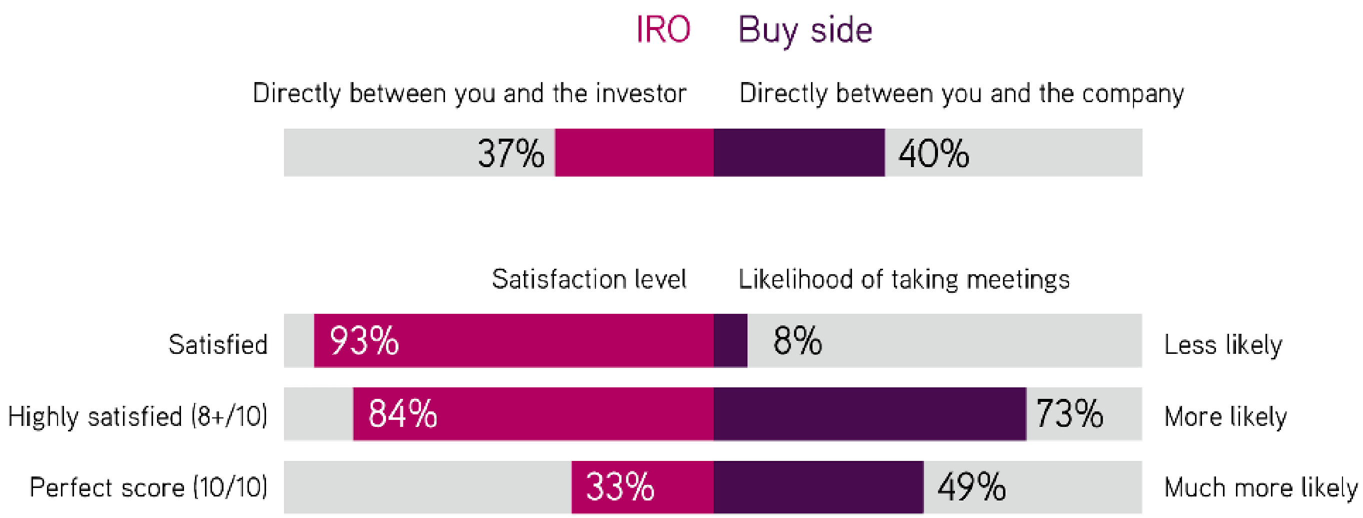
The most significant finding in this report is the importance of direct contact between company and investor, how appreciated this is by both parties and how much this has changed over the past few years.

Direct contact is the second-most common method of arranging meetings after sell-side corporate access, with IROs saying this method accounts for the arrangement of more than a third of their meetings and investors saying it accounts for four in 10 of theirs.

IRO satisfaction with arranging meetings directly with investors is overwhelmingly positive, with 93 percent giving a satisfaction rating of above five. Included in this are 84 percent of IROs who give a high satisfaction rating of eight or above and a third who give a perfect score of 10.

The primary reason for this satisfaction is clear when looking at the view from the buy side: nearly three quarters of buy-side investors and analysts say they are more likely to take a meeting if arranged by direct contact with the company, while nearly half say they are much more likely to do so.

Direct contact level and appreciation

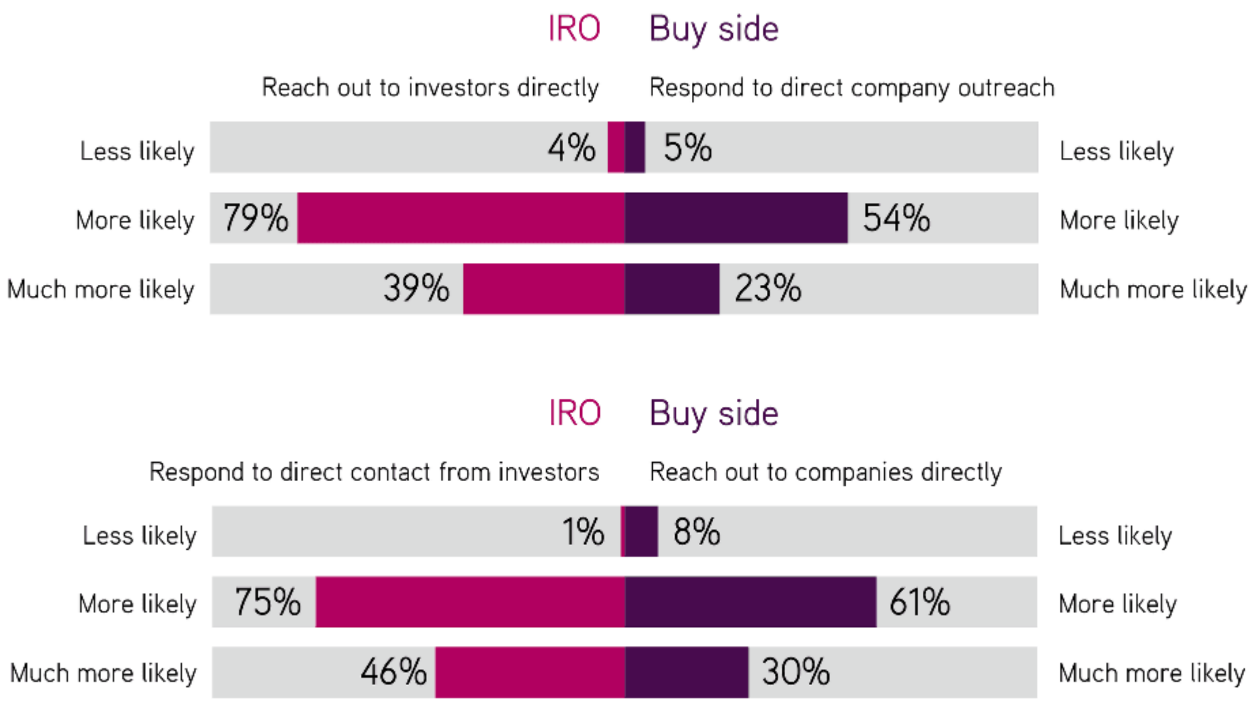


Changes in direct engagement

Nearly eight in 10 IROs say they have become more likely to reach out to investors over the past few years, with just under four in 10 saying they have become much more likely. This outreach has been received positively by investors, as 54 percent have become more likely to respond to direct approaches from companies, with nearly a quarter being much more likely to respond.

Investors themselves have become more proactive with direct engagement. More than six in 10 have become more likely to directly reach out to companies, with three in 10 much more likely. Understandably, the engagement has been welcomed by IROs, with three quarters having become more likely to respond to investor outreach and 46 percent much more likely to do so.

Over the past few years, have you become more or less likely to do the following?



Comments on direct engagement

When both IROs and investors are asked to comment on direct engagement and what it means, they often state this as an existential fact, a new reality in the changing face of corporate access. Where they express sentiment toward direct engagement, it is generally positive.

The relative decline of sell-side corporate access from the dominant position it once held is viewed primarily with acceptance rather than appreciation or regret. Both IROs and investors appear to embrace what they see as new opportunities afforded to them by increased direct engagement.

Some buy-side outfits, particularly in North America, have developed in-house corporate access facilities. Where this is the case, the buy-side corporate access desk often takes over from direct contact. Most buy-side

Asia and Europe

Asia	Mid-cap	Real estate	'Due to the negative impact of Mifid II, reaching out to the investors directly is more efficient'
Asia	Small cap	Technology	'Investors come to the company with a more open mind, rather than any biased approach'
Asia	Large cap	Communications	'Pre or post-Covid, we always responded to direct contact from investors'
Asia	Large cap	Healthcare	'Quality of interaction is substantially better as you deal with people who are actually interested'
Asia	Mid-cap	Financials	'We would want our existing or prospective investors to directly reach out to us'
Asia	Small cap	Other	'With shift to virtual meetings it's now much easier to contact directly'
Europe	Mega-cap	Consumer staples	'Added value of broker in the middle is becoming less. More in-house knowledge and tools available to efficiently set up meetings ourselves. But despite this still value contact with brokers!'
Europe	Mega-cap	Communications	'After Mifid II implementation, the trend we have experienced has evolved toward increasing direct contact'
Europe	Large cap	Materials	'During the pandemic, investors want to have contact with IR then and there, so are happy to be reached out to directly. And they're happy to reach out to corporates if they have a question they want answering asap'
Europe	Mid-cap	Consumer staples	'IR always responds to inbound investor calls. New CRM and investor targeting tools make outreach easier'
Europe	Small cap	Industrials	'Relying on the sell side is not very productive as it tends to arrange meetings with most profitable clients and not necessarily with investors that are the best fit for our company'
Europe	Small cap	Financials	'This is just much more effective than having a third party involved'
Europe	Large cap	Industrials	'We have always valued direct contact and investors are more open to it now than in the past'
Europe	Mid-cap	Real estate	'We would always respond to direct contact so that hasn't changed but we now organize more meetings directly, especially when it comes to sustainability, governance and remuneration'

corporate access differs from sell-side corporate access in that it is often more to do with logistics and co-ordination than targeting and research. Both IROs and investors appreciate direct engagement, and in-house buy-side corporate access operations would do well to take note of this.

North America and rest of world

North America	Small cap	Healthcare	'Always have, always will, never better served than by ourselves. No one has the interest of the company closer to their heart than the company itself'
North America	Small cap	Industrials	'As a small-cap company without need to access capital, we are an afterthought for the sell side as we do not generate the revenue needed to justify its resources on us'
North America	Mid-cap	Materials	'Direct and regular contact with investors pays off in the long run. Quality investors attract more quality'
North America	Large cap	Industrials	'I always responded to direct contact from investors so no change. Covid-19/virtual meetings have probably increased buy-side and internal outreach at the expense of sell side'
North America	Mid-cap	Healthcare	'I will always respond to direct contact from investors, so there has been no change in my approach there. As for my own outreach, I still want to be judicious in how I pursue it; I don't want to be perceived as spamming an institution'
North America	Mid-cap	Industrials	'Mifid II means I am losing all my analysts. Budgets are smaller, workload is overwhelming'
North America	Large cap	Consumer discretionary	'More and more investors reach out directly, and we build the relationship from there. We are trying to do more outreach, but it is still difficult to reach a new investor directly without an introduction'
North America	Small cap	Materials	'More likely contact is a result of technology and increased access to investors via social media (connected on LinkedIn/IR CMS platforms)'
North America	Large cap	Technology	'More tools/tech at fingertips today to better help/inform on expected ROI from investor engagements'
North America	Large cap	Consumer discretionary	'The buy side is less willing to pay for sell-side access. As such, we are working directly with the buy side and taking on additional responsibilities we would previously have relied on the sell side for'
North America	Mega-cap	Healthcare	'We reach out to more investors knowing that there are firms at the low end of sell-side priority lists because of Mifid II'
Rest of world	Large cap	Other	'We've always been committed to responding to direct contact from investors but we are now also more focused on reaching out to them directly'
Rest of world	Small cap	Technology	'I am more comfortable talking to investors directly and vice versa as it cuts out the middleman and allows investors to get closer to IR. Prefer this because the investor will then feel comfortable to quickly just reach out to IR as and when it needs to'
Rest of world	Small cap	Other	'I have moved to making contact myself and hiring a firm that helps us with investor targeting as I can no longer rely on sell-side players'
Rest of world	Mid-cap	Real estate	'We always respond to all investor inquiries as they come in, nothing has changed there. But we only reach out to investors when there's a good reason for it'

Buy side

Europe	Buy side	'Company meetings occur more often (also due to ESG discussions)'
Asia	Buy side	'Company-originated is likely to be comprehensive and lower cost to the firm'
Asia	Buy side	'Corporate access is easier than before, especially for small and mid-cap companies'
North America	Buy side	'Difficult to get good meetings from sell side. Too many hedge funds and corporations seem to cater to these short-term investors'
Europe	Buy side	'Direct contact means more one-on-one meetings rather than group meetings, which most of the time is preferable, and generally better quality'
Europe	Buy side	'I have used our internal corporate access team more'
Europe	Buy side	'I realized you need less sell-side involvement and can go direct to the companies themselves'
North America	Buy side	'I think I can make better relationships'
Europe	Buy side	'In-house corporate access is easier to organize, allows better control of agenda and provides better access to company'
North America	Buy side	'It has just become much easier to facilitate through Zoom meetings'
Asia	Buy side	'It really depends on the attractiveness of the company, unless it is a group call. In the case of group calls, usually large sell-side ones have more participants, and the better the discussion quality becomes'
Europe	Buy side	'It's not the access format that is important, but whether or not I have an interest in the company (and we do not pay for access)'
Asia	Buy side	'Sell side is less likely to know what we are interested in; other parties seem to have a better grasp'
Asia	Buy side	'There is so much miscommunication and false news, so many rumors or unanswered important/urgent questions without direct access. That makes me frustrated'
North America	Buy side	'We don't have the budget to pay for access right now'

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Q4 is a leading capital markets communications platform that is transforming the way publicly traded companies, investors and investment banks make decisions to efficiently discover, communicate and engage with each other. The Q4 end-to-end technology platform facilitates interactions across the capital markets through its IR website products, virtual events solutions, capital markets customer relationship management solution and shareholder and market analytics tools. The firm is a trusted partner to more than 2,400 public companies including 50 percent of the S&P 500. Q4 is based in Toronto, with offices in New York and London.

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