Research Staff

In winning new investment banking deals (i.e., Underwriting and Mergers & Acquisitions), an investment banker's expertise and experience are often more important to a prospect than the fees charged.

In the simulation, this expertise is represented by your bank's Research staff and your bank's investment in Research Analytics.

Your ***Research Staff*** analyzes the capital markets, various industries and individual companies. In the simulation, your Research Staff uses this analysis to perform two critical functions:

- It makes research available to your bank's institutional and corporate clients
- It provides your internal investment bankers and Financial Advisors with research information

As the quality of your research improves, your bank is able to attract more investment banking clients as these clients look to your bank to provide them with superior research.

In addition, as your Research Staff provides better research, your Financial Advisors (see Financial Advisors in the Retail Banking section of the instructions) are also able to provide their clients with better advice (making your investment management services more attractive in the market place).

The simulation compares research across the teams by looking at two factors:

- Size of each team's Research Staff
- Each team's investment in Research Analytics

Your Research staff is compared to your "fair share" of all Researchers in the market place. In other words, if there are four teams in the simulation, your "fair share" of all Researchers is 25%. If you have fewer than 25% of all Researchers in the market place, the quality of your research goes down. Conversely, if you have more than 25% of all Researchers in the market place, the quality of your research improves.

More specifically:

- For Underwriting Debt:
  - If your Research Staff is within +/- 20% of your "fair share", there is no impact on the number of deals
  - As your percentage of total Researchers goes outside this +/-20%, your number of deals is impacted by 40% of your deviation from your "fair share"
- For Underwriting Equity:
  - If your Research Staff is within +/- 15% of your "fair share", there is no impact on the number of deals
  - As your percentage of total Researchers goes outside this +/-15%, your number of deals is impacted by 50% of your deviation from your "fair share"
- For Mergers & Acquisitions:

- If your Research Staff is within +/- 10% of your “fair share”, there is no impact on the number of deals
- As you percentage of total Researchers goes outside this +/-10%, your number of deals is impacted by 40% of your deviation from your “fair share”

See Sample Calculation C-4 for an example.

You can also improve your bank’s research quality by investing in Research Analytics.

The appropriate amount to invest in Research Analytics is also relative to your competitors. If your competitors spend more than you do, you will fall behind (leading to lower quality research). To maintain your competitive position, your investments in Research Analytics should be equal to your “fair share” of all investments in Research Analytics.

In other words, if there are four teams in the simulation, your investments in Research Analytics should be equal to 25% of the total investments in Research applications by all teams. Spending more than your fair share will provide you with a competitive advantage (i.e., better research).

This should all be balanced based on your strategy. If you are not targeting these areas, then it’s not wise to overspend in these areas.