**Nate Walker**

**FinTech HW#1**

**Case Study Template**

**Title: Morningstar Case Study**

**Industry: Investment Research and Investment Management**

**Overview and Origin**

The FinTech Company for this Case Study is Morningstar, Inc. This company is a world- wide financial services company that is based in Chicago, Ill. The company provides investment research and investment management services. In addition, the company also provides software and data platforms for investment professionals. The company manages over $200 billion USD in its asset management division as of 2019. (Wikipedia.org).

The company was started in 1984 by Mr. Joe Mansueto who was a stock analyst for Harris Associates in 1982. Joe, started the company from his one-bedroom apartment. He had the idea of a research and investment company after studying mutual fund annual reports. He believed that investors needed analytical information to make important investment decisions.

Joe Mansueto started the company with an initial investment of $80,000. In 1999, The company accepted an investment of $91 million USD from SoftBank in return for 20 percent share in the company. Today, the company has over 5,000 employees and total Revenue of $1 billion, 2018.

**Business Activities:**

**What specific financial problem is the company or project trying to solve?**

The company provides financial services, financial data, financial management, and independent investment research to investment professionals and public investors.

**Who is the company's intended customer?** Is there any information about the market size of this set of customers?

**What solution does this company offer that their competitors do not or cannot offer?** (What is the unfair advantage they utilize?)

**Which technologies are they currently using, and how are they implementing them?**

Morningstar Inc. uses the following investment research proprietary metrics: The Morningstar Style Box, The Morningstar Rating, forward looking ratings (quantitative ratings), research reports, peer comparisons, and sustainability and carbon metrics.

The company also has the following technologies:

Fact Sheet (partnered with Nasdaq), Morningstar creates fact sheets on more that 900 companies. These fact sheets provide investors with more background information and financial data. The fact sheets allow investors to compare financial performance data for similar companies in a sector.

Another technology that the company developed is called the Factor Profile. It is used to analyze equity investments. The profile tool uses seven equity investment factors that are important drivers of risk and return.

The company moved its desktop products to web-based architecture hosted in the cloud. The product is call, Morningstar Cloud.

Cybersecurity: LastPass, a password management system with both individual and enterprise licensing options.

Financial Planning: RightCapital, Financial planning software tool. The tool provides real-time personal financial management for advisors.

Data Collection: Typeform, a tool for collecting non-sensitive client information with-out completing client surveys. The tool collects customer satisfaction data, risk tolerance questionnaires and much more data.

**Landscape:**

**What domain of the financial industry is the company in?**

This company operates in the financial services stock, financial management, and investment management sectors.

**What have been the major trends and innovations of this domain over the last 5-10 years?**

In October 2019, Morningstar credit ratings division is entering into the world of blockchain (crypto assets).

As of May,2019, the company launched it model Marketplace, where advisors can research third party investment models and customize portfolios to meet the needs of their clients. There are 13 firms that are participating in the model Marketplace where they can all be included on a single platform.

**What are the other major companies in this domain?**

The top three competitors to Morningstar include the following companies: Bloomberg, MarketWatch, and Thomson Reuters. Other Competitors include: FACTSET, Xignite, Bloomberg, S&P Global, Thomson Reuters, and Blue Heron Research Partners. These companies are a mix of public and private companies.

**Results**

**What has been the business impact of this company so far?**

The impact of this business has been the guidance of how investors can invest their saving, know when they can retire. The tools provide the ability to track their investment, build portfolios, and get real time knowledge of their investments.

**What are some of the core metrics that companies in this domain use to measure success? How is your company performing, based on these metrics**?

**How is your company performing relative to competitors in the same domain?**

**Recommendations**

I do not have any recommendations currently. I am new to the fintech sector and I still exploring the various areas of interest. I am not fully aware of the gaps in the areas of financial data science (modeling data). So far, I am very much interested in the modeling of the financial data.

If you were to advise the company, what products or services would you suggest they offer? (This could be something that a competitor offers, or use your imagination!)

Why do you think that offering this product or service would benefit the company?

What technologies would this additional product or service utilize?

Why are these technologies appropriate for your solution?

References:

Morningstar

Link: <https://www.builtinchicago.org/company/morningstar>

Cometitors:

Link: <https://craft.co/morningstar/competitors>