



Reuters Buys StarMine, 'Alpha Capture Systems' Catching On

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Reuters is acquiring StarMine, a privately held company that rates securities analysts based on their stock-picking performance and the accuracy of their earnings forecasts, Reuters announced in August.

Terms of the all-cash transaction were not disclosed. Integrity Research Associates, a research and consulting firm, estimates Reuters paid about \$80 million for StarMine, but says the amount could be higher given StarMine's strong growth over the last five years. StarMine, founded in 1998, had gross assets of \$16.3 million as of June 30.

Fund groups have been paying closer attention to companies like StarMine recently because they offer products that bring transparency to a historically opaque area: determining the value of research and other services provided by sell-side firms. In particular, some fund boards are using these products to get a better idea of the precise value of soft dollar expenditures.

"This marks recognition by the bigger vendors like Reuters that the marketplace needs tools like this and the buy side needs solutions like this," says Randy Cass, CEO of First Coverage, a privately held Canadian company that also offers so-called alpha capture systems.

Reuters itself is being acquired by Canadian publishing company Thomson Corp. StarMine's analytics will be added to the Reuters Knowledge product, which focuses on company and industry-specific research.