The Expert Network
Usage Survey 2019

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Transparency and efficiency for research managers

Inex One's mission is to increase transparency and efficiency in the research industry. Analysts and research managers use our Expert Management System, a SaaS tool, to collaborate efficiently and securely around expert calls. This survey was taken by 31 professionals responsible for procuring expert network services, based in Europe and North America.

Firms use multiple expert networks, and evaluate even more. Procuring expert networks is moderately difficult. We believe that this is caused by the similarity in expert network services, and the de-facto reliance on a small number of vendors for the majority of calls, as mentioned in comments and our analyst survey from 2018.

A majority of users expect their usage to continue to grow, with two of five respondents expecting usage to remain the same. A majority of respondents lack a plan for GDPR compliance around expert network usage, and almost three quarters rely on expert networks to take the responsibility of GDPR compliance.
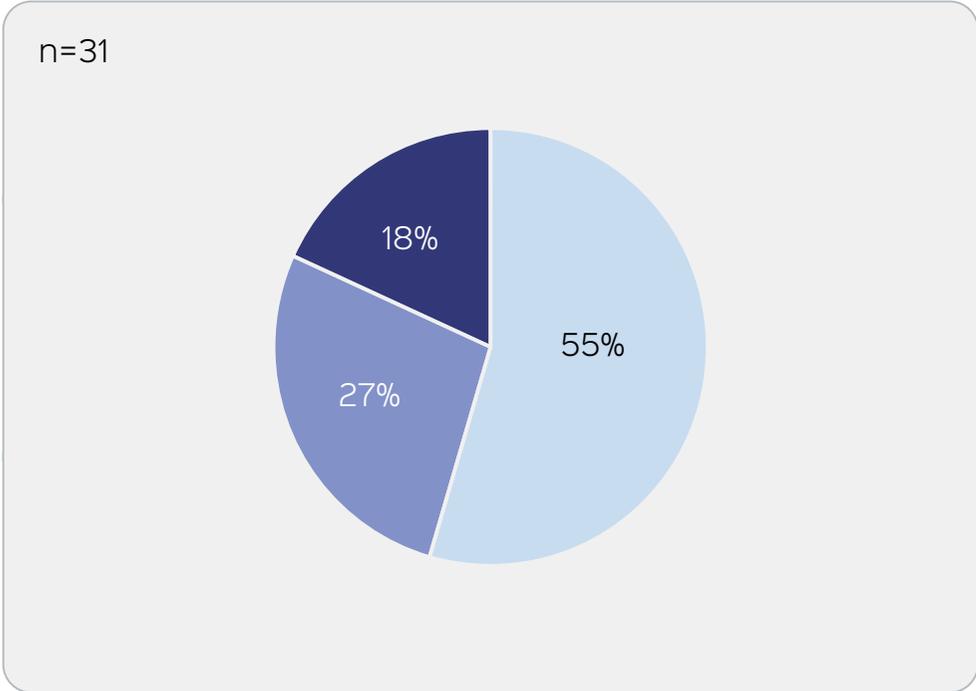
Pricing benchmark exclusive to survey respondents.

Sincerely,

Max Friberg
CEO, Co-founder
max@inex.one

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31 respondents contributed to this year's survey

What type of organization do you represent?

n=31

- Private equity
- Other investment company (e.g. holding company, long/short fund)
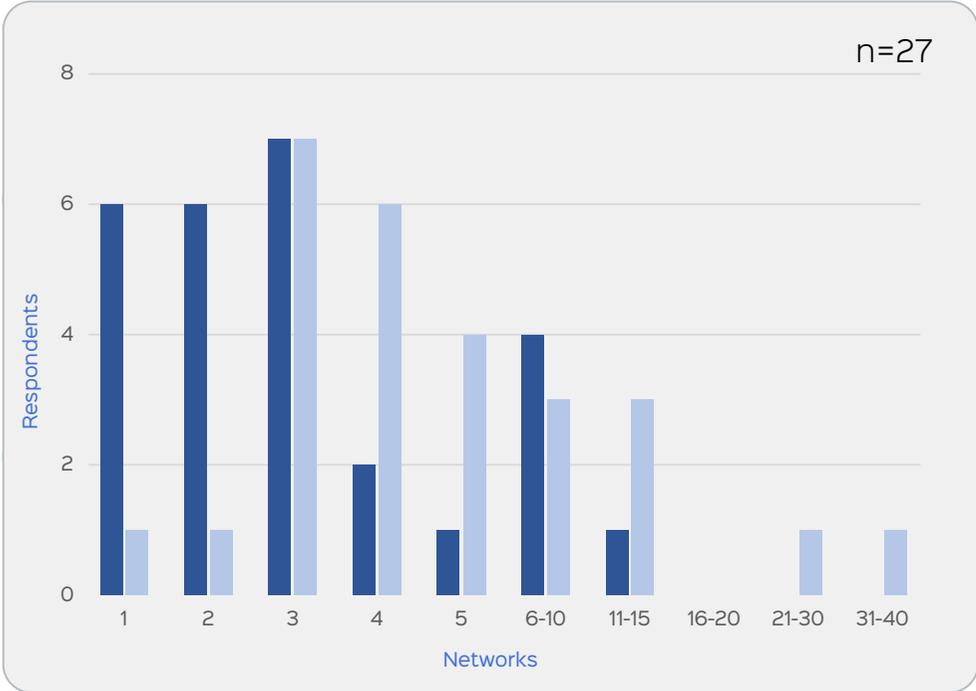- Strategy consulting

This survey was taken by professionals responsible for procuring expert network services. Respondents' firms are all headquartered in Europe and North America, although many have global operations.

Each individual respondent is anonymous, but the collective includes firms of all sizes, in each of the three categories.

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Firms use multiple expert networks, evaluate more

Number of networks used (dark blue) and evaluated (light blue)

n=27

Q1: How many expert networks does your firm work with?
Q2: How many expert networks do you speak to/ evaluate?

Note: Some respondents answered a lower number to Q2, than to Q1. For these respondents cases, we show the combined number in the results for Q2 (i.e. interpreting these answer as being "in addition to the networks that we already work with").

Most respondents work with a handful of expert networks, although the variance is large. In addition, most respondents are evaluating many more expert networks than they currently have contracts with.

We do not report these results per company category, to not inadvertently reveal the identity of any individual respondent. For a comparison across a larger survey sample, check out the results from our analyst survey in 2018.

Procuring expert networks is moderately cumbersome

Q7: How is the process to procure expert network services?

n=22

Respondents

8
7
6
5
4
3
2
1
0

1   2   3   4   5

Straight-forward, easy   Intransparent, cumbersome
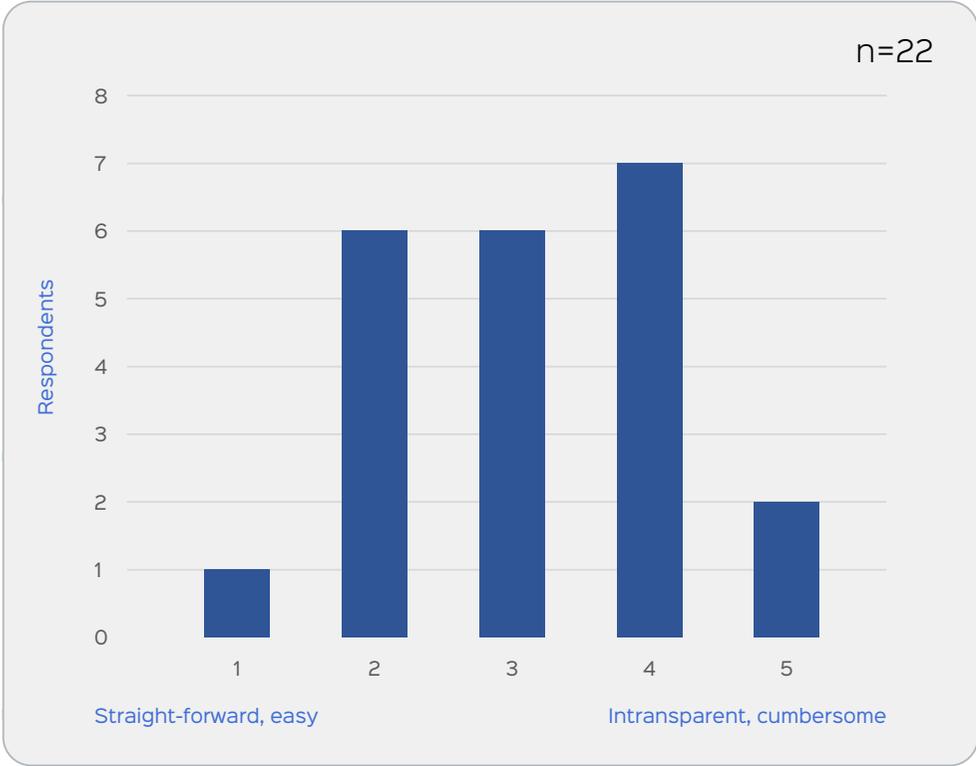
Inex One offers two solutions for efficient procurement:

1. Data on your organization's usage, per network:
   • How many experts the network present, per project?
   • What share of these do we choose to interview?
   • What rating do our teams give to experts, on average?
2. The Approved Network Program, where we procure the expert networks for you. You access multiple specialized networks, and only pay-per-use.

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Usage is expected to continue to grow

Q3: How do you expect your use of expert networks to evolve over the next 3 years?

n=22
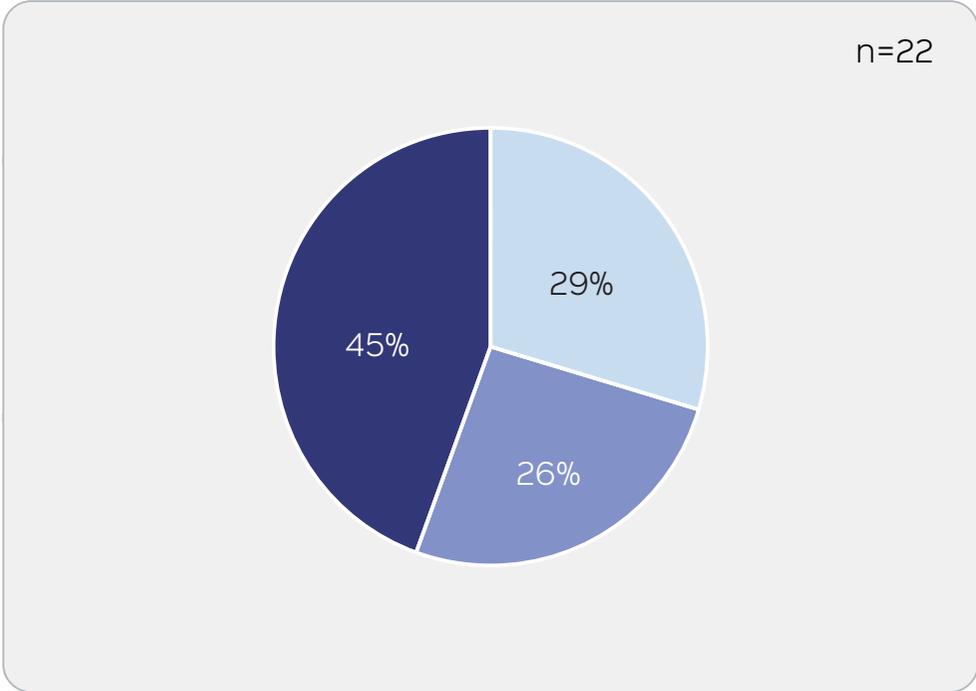
- Increase by 10% or more
- Increase by 0-10%
- Stay roughly the same

A majority of companies expect their usage of expert networks to grow over the next three years. We estimate the expert network industry has been growing by approx. 20% per year over the last five years, as shown in our bottom-up research.

Worth noting is that no respondents expects usage of expert networks to decline in the next three years.

We think this growth reflects how helpful a good expert call can be. In our 2018 survey among analysts, expert calls were mentioned as a top source of insights:
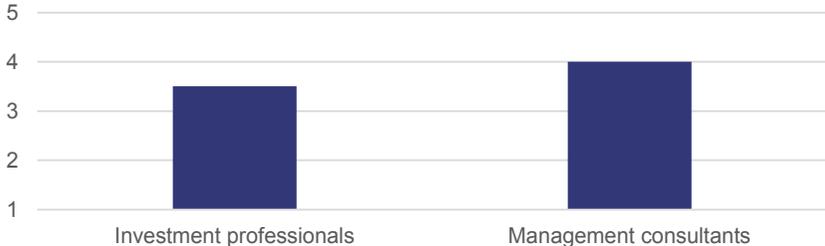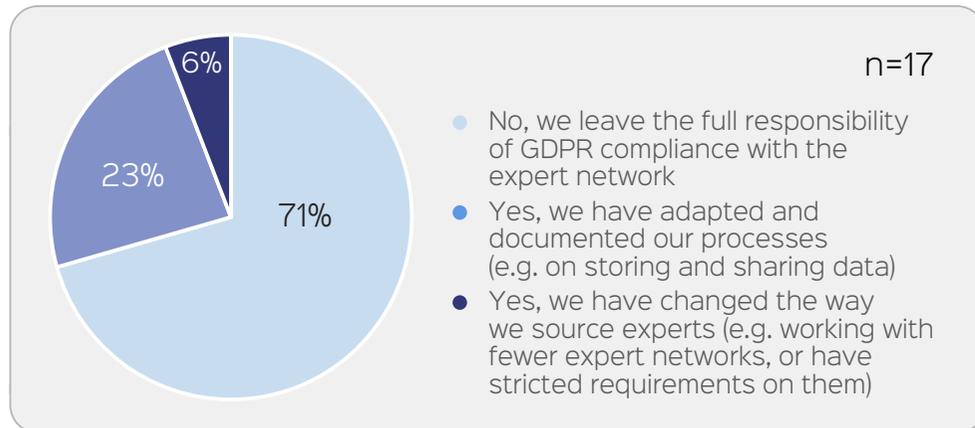

How important is Expert Calls, as a source of insights, to market and investment research at your company? (1 represents "Not at all important source of insights" and 5 represents "The top source of insights"; n=112)

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A robust plan for GDPR compliance is often missing

Q5: How do you view your organization's responsibility under the GDPR, when handling personal data on experts?

n=15

- 14%
- 26%
- 60%

- ● N/A - This has not been defined
- ● As a Data Processor
- ● As a Data Controller
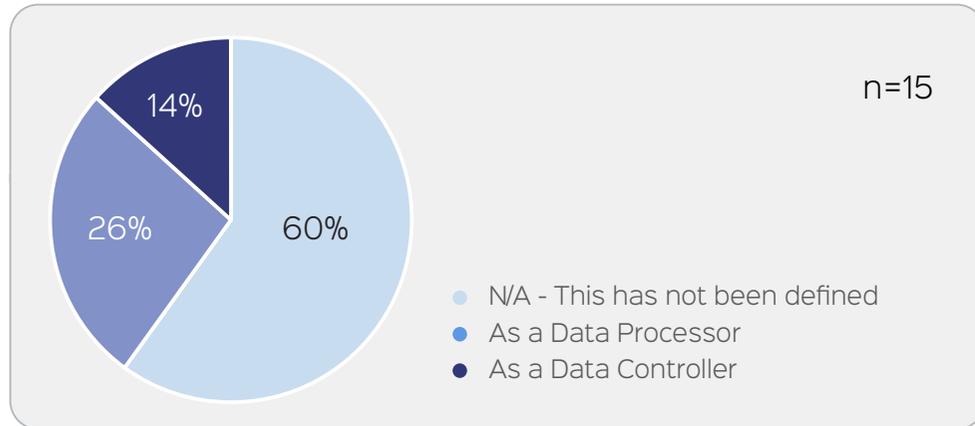
Q6: Has the GDPR affected the way your organization handles personal data in relation to expert calls?

n=17

- 6%
- 23%
- 71%

- ● No, we leave the full responsibility of GDPR compliance with the expert network
- ● Yes, we have adapted and documented our processes (e.g. on storing and sharing data)
- ● Yes, we have changed the way we source experts (e.g. working with fewer expert networks, or have stricted requirements on them)

A majority of respondents have not defined their organization's GDPR responsibilities around expert networks. Almost three quarters of respondents leave the full responsibility of GDPR compliance with the expert network.

In a recent whitepaper, we discuss why it is reasonable to view both the user and the expert network as Data Controllers. Inex One helps both parties fulfil their legal obligations, itself acting as a secure Data Processor.

Note: These two questions were added to the survey mid-December, meaning that the first respondents did not get the chance to answer them.
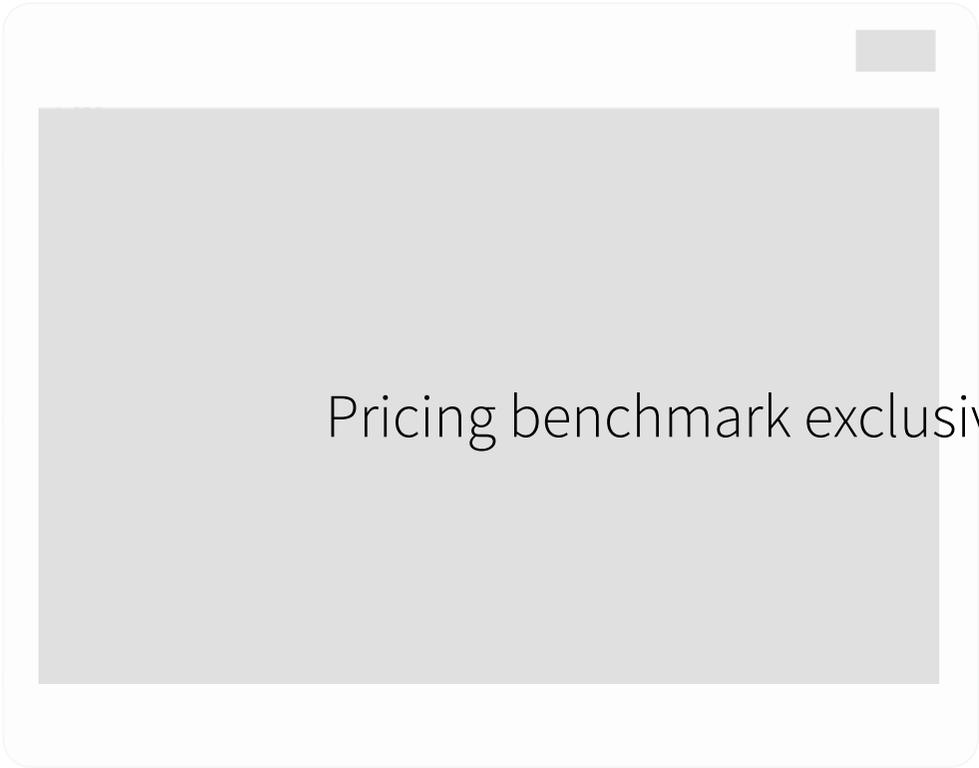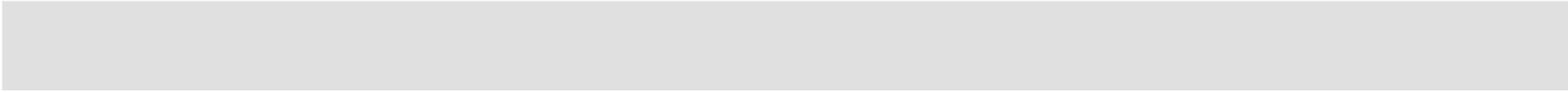
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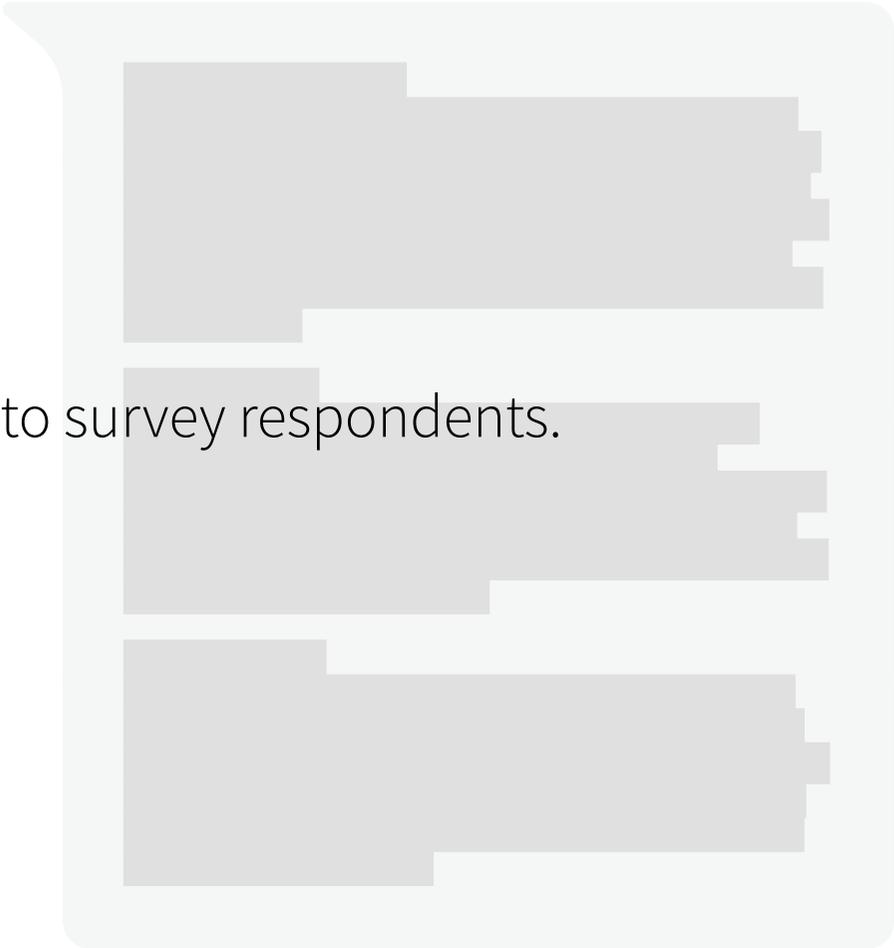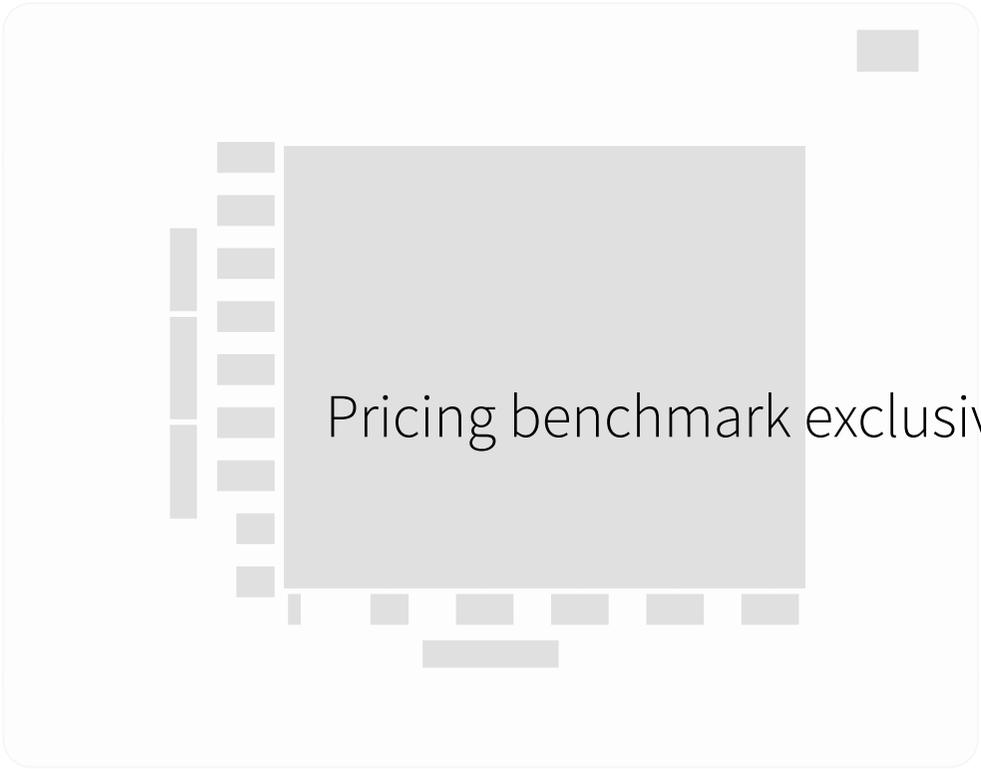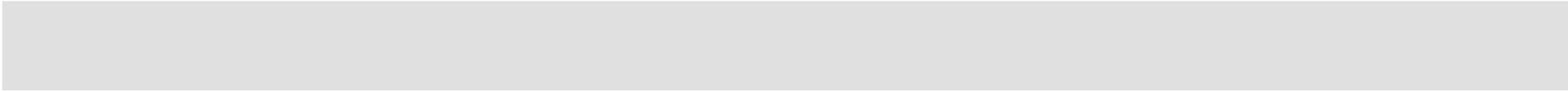
Pricing benchmark exclusive to survey respondents.

Q10: Free-text comments on trends in the industry

These free-text comments are great, covering many of the interesting topics that we've heard in our conversations. We grouped them in five different themes, and added some of our own thoughts where relevant. Thanks for sharing!

More networks in the market

- "I get calls and proposals 2-4 times a week about new/old expert networks"
- "Yes, competition has increased to the benefit of us as customers"
- "A lot more new vendors, of varying quality resulting in trusting more established networks to a greater extent"
- "More small networks"
- "More networks available. Trying to sell more services (surveys, exec placement)"

In our latest count, we had more than 60 expert networks around the globe. Some of them specialize in different regions or industries, where they can act as thought-partners to their clients.

Check out the Expert Network Directory and let us know if you want any of these as an ANP vendor.

Changes to pricing

- "More and more experts are getting billed at 'senior expert rates"
- "Trying to charge more when usage goes up (usually you get a better price with increased usage)"
- "Pricing offered by new vendors more flexible"
- "Some experts are billed at 1.5x or 2x due to high rates"
- "Increased prices"
- "Less PAYG basis, more packages"

An expert network has two pricing levers: cost/credit, and credits/hour. Typically, only the first lever is regulated in a contract, whereas the second one is sparsely monitored.

With the EMS, you collect detailed data on how they both develop over time, and how they differ across networks.

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Q10: Free-text comments on trends in the industry

Quality
- "Quality has degraded at [major network], [major network]"
- "There is far less communication on the status of projects (this is a huge issue), decreased custom recruiting / more irrelevant experts being sent over (e.g. experts who say 'no' to a non-negotiable screening question are still shared, and - generally - the number of experts sent over who meet the spec has decreased, with less thoughtfulness about why the expert is being sent."

These quotes were echoed in our previous survey, where 71% of analysts cited quality of experts as a main challenge around expert calls.

With the EMS, you can:
- Collect real-time feedback from your teams on expert quality
- Develop a firm-wide ranking of recently used experts, and
- Get structured data on how well each network is serving you

New Services
- "Also due diligence, also surveys, also more headhunting for board positions"
- "More services being offered"
- "Becoming more prevalent/differentiated as transparency on research payments has increased"
- "More driven by technology, data and platforms"
- "More 'add-on services' to serve as management consultants"

No change
- "Have not noticed any major changes, perhaps increased product offering"
- "Marginal change/improvement. A bit more active use of LinkedIn to identify relevant experts outside of their network"

Four additional respondents had not experienced any change in recent years.

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