

*BattleFin* »<>//> & Exabel

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RESEARCH REPORT

# Alternative Data Buy-side Insights & Trends 2025

Insights from 130 fundamental portfolio managers and analysts on the application of alternative data in investment management.

# 2025

## Foreword

*“Exabel's 2025 survey makes it clear that our mission to accelerate the adoption of alternative-data driven investment decisions by innovating on speed-and-access to insights is more critical than ever.*

*This report underscores our commitment to leveraging the power of alternative data to deliver actionable insights and value. In today's dynamic market environment, accessing high-quality data is crucial for achieving a competitive advantage and unlocking alpha. This report provides an in-depth analysis of emerging trends and key opportunities enabling our clients and partners to unlock the full potential of alternative data.”*



Tim Harrington  
CEO of BattleFin & Exabel

*“Since our previous survey published in January 2023, it’s even more clear that alternative data has gone mainstream, serving as a vital source of insights to investment managers around the world. The growing demand for diverse data sources and categories has shifted the conversation to the challenges buyers face in discovering, managing, and integrating these datasets effectively.*

*Top-of-mind topics include resourcing and priorities, standardization of data across sources, and use of third party analytics tools. Now with an expanded reach as part of the BattleFin Group, Exabel remains committed to addressing the industry’s core challenges and advancing high-quality, data-driven investment decision making.”*



Andreas Aglen  
President of Exabel

## Introduction

The demand for alternative data\* as a crucial component of alpha generation for institutional investors continues to accelerate in 2025. With mature datasets now widely used as a foundation for research, investment professionals are shifting their focus toward more diverse data sources and advanced technology and analytics to enhance their investment strategies.

In January 2025, we commissioned the market research company Pureprofile to conduct a study with 130 fundamental portfolio managers and investment analysts, to capture their views on alternative data. The survey respondents are based in the US, UK, Singapore and Hong Kong, and collectively manage ~\$820 billion in assets.

Our report finds that:

- Institutional investors have embraced alternative data as a key source of differentiated insights.
- Most respondents anticipate significant growth in their organization's use of alternative data, both in the number of datasets and overall spend.
- As investment in alternative data continues to rise, respondents foresee an increased reliance on third-party technology providers to navigate the complexities of integrating and analyzing data with greater speed and scale.

## Key Findings

**98%**

of investment managers agreed that “traditional data/official figures are becoming too slow in reflecting changes in economic activity”

**75%**

of investment managers said that consumer spending datasets would provide “an outsized informational edge in the near future”

**79%**

of investment managers said that combining data from different sources was the most frustrating challenge when working with alternative data

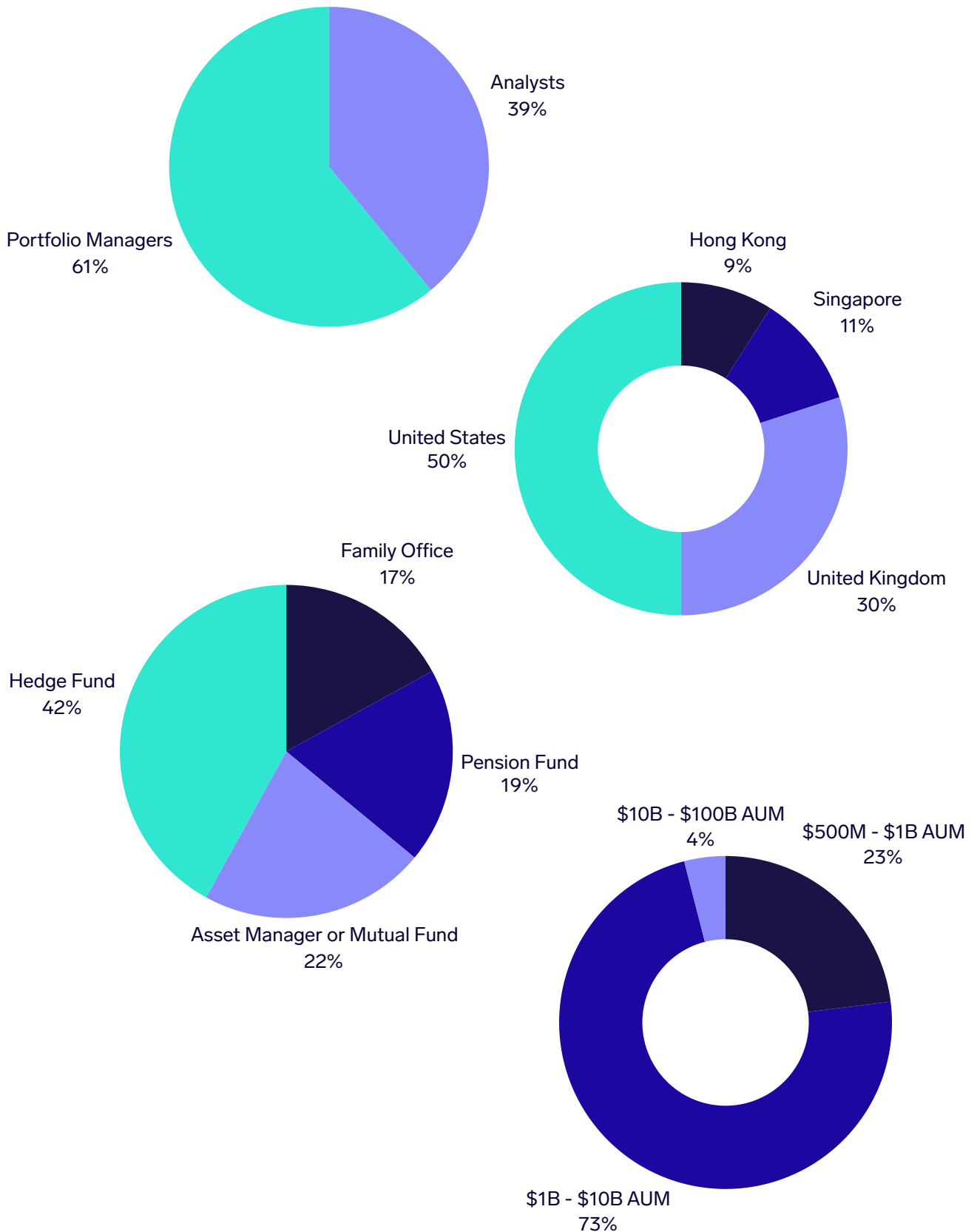
**85%**

of investment managers stated that their use of third-party software for managing and using alternative data would increase over the next 5 years

\*Alternative data refers to non-traditional data sets that investors use to support their investment strategies. Some examples of this include data on credit card transactions, mobile devices, satellite imagery, social media sentiment, product reviews and traffic to websites.

## Respondent Demographics

We surveyed 130 active portfolio managers and investment analysts from discretionary public equity funds with ~\$820 billion collectively in assets under management (AUM). Of the 130 respondents surveyed, the following charts show breakdown of types of funds, AUM, job functions and geography.

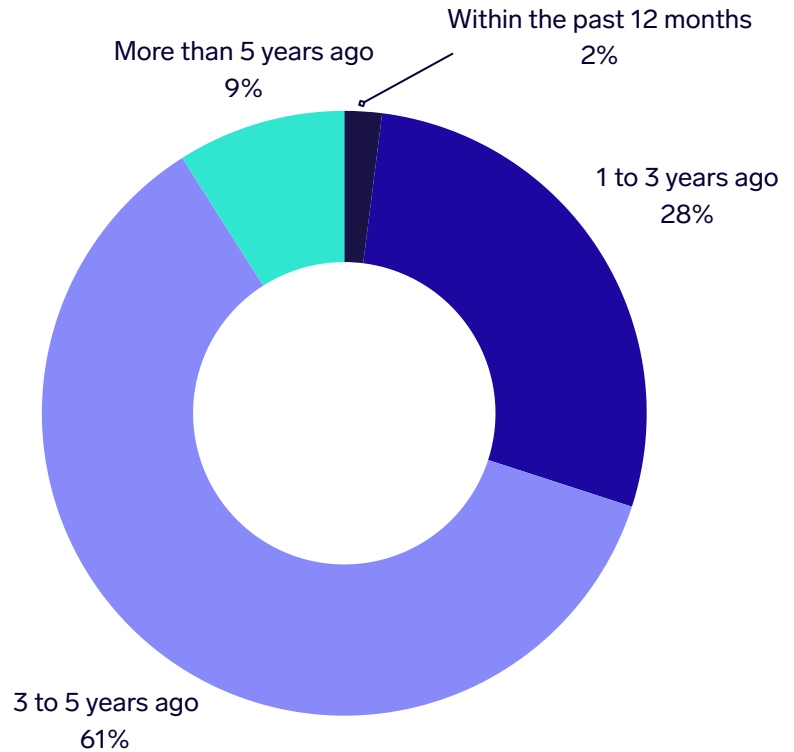


## Current Usage of Alternative Data Amongst Investors

To benchmark investment managers' current adoption and usage of alternative data, we asked respondents to provide details on when they began using data and how many alternative datasets they are using to support their research.

Of the 130 respondents surveyed, 100% answered 'Yes' to 'Does the organization you work for use alternative data to support its investment research?'

Over 61% of respondents stated that they began using alternative data 'three to five years ago', with over 28% stating they started 'one to three years ago.'



When asked "If your organization is currently using alternative data, how would you describe the process of using this (alternative) data?" 25% of the respondents described it as "excellent", while 62% respondents said "good". Only 13% respondents described the process as "average".

Additionally, our survey found that over 66% of investment managers used 5-10 datasets, with over 32% stating they used between 2-4. Just over 1% said that their organization used more than 10 alternative datasets.

**2-4**  
32%

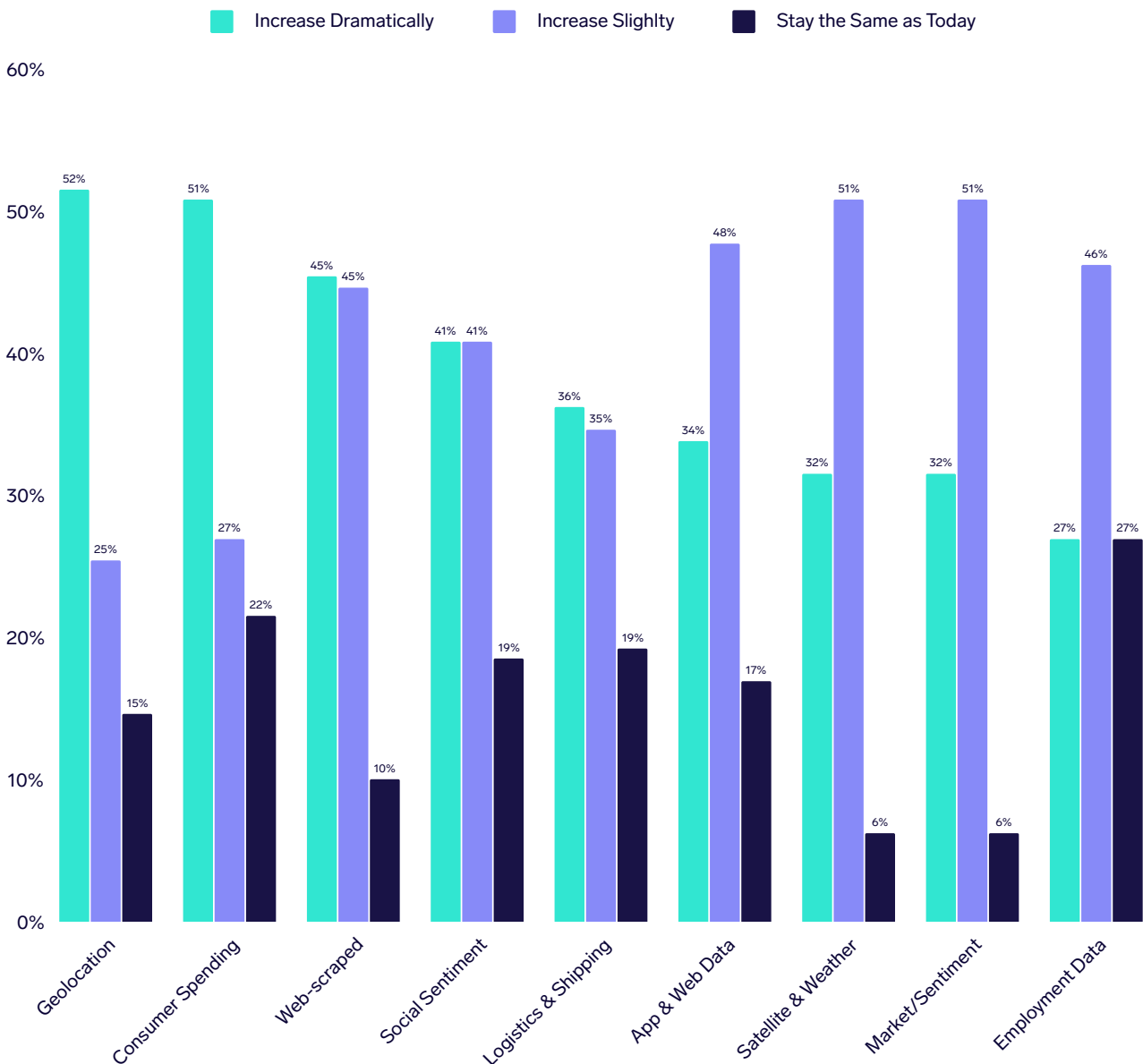
**5-10**  
66%

**10+**  
2%

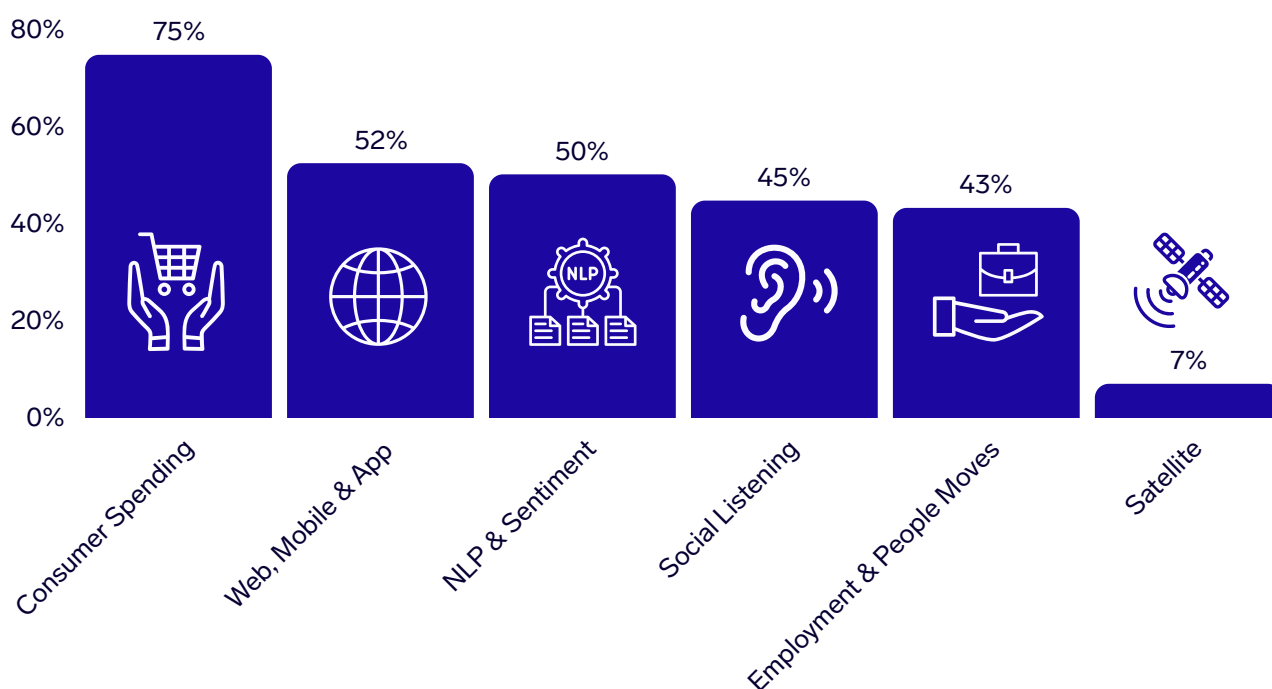
## Future Growth & Demand for Alternative Data

Looking to the future, investment managers were asked how they see the use of alternative data changing over the next two years. Over 86% of respondents surveyed stated that it would increase overall, with around 14% of respondents stating that it would stay the same as today.

The industry as a whole continues to grow, driven by increasing demand from investment managers across sectors. However, different data categories are experiencing varying levels of growth. When asked which sources of alternative data they anticipate using more in the next three years, geolocation data emerged as the category with the highest expected growth, with over 52% of respondents indicating a dramatic increase in usage. Consumer spending data closely followed, with around 51% of investment managers expecting to expand their use.



As the use of these data categories increases, deriving value and gaining a competitive edge through alternative data will become even more critical. When asked “As some categories of alternative data mature and become standardized in the investment research process, which categories do you see providing an outsized informational edge in the near future?” over 75% of survey respondents identified consumer spending as the most likely source of that edge. Additionally, around 52% cited web, mobile and app usage data, while 50% pointed to NLP and sentiment data as the next categories expected to provide significant advantages.



## Growing Focus on Third Party Vendors for Data Sourcing

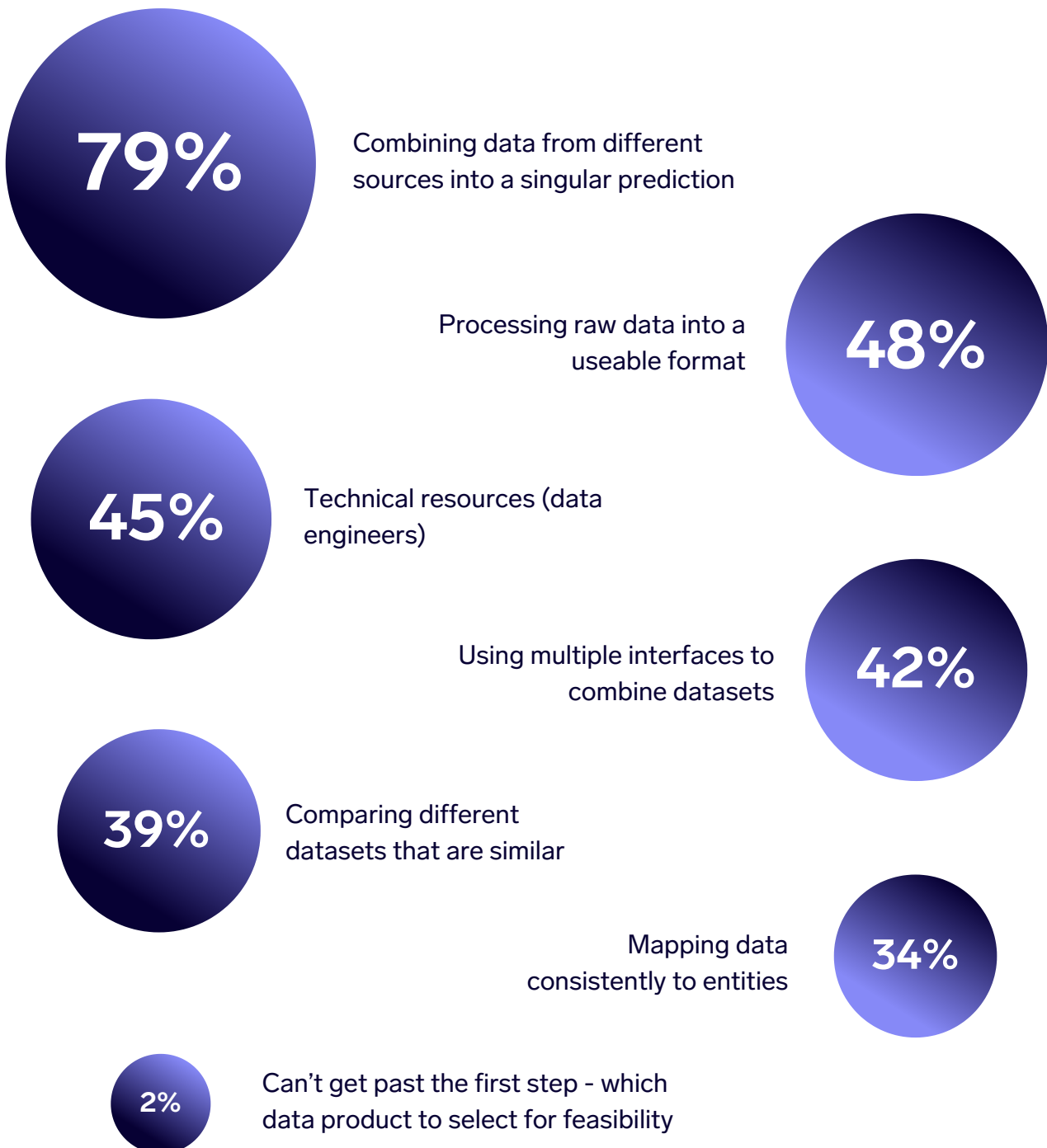
Third party vendors are almost universally utilized by investment managers, with over 95% stating that between 25% and 75% of the alternative data they use comes from these vendors.

Looking ahead, the reliance on third-party vendors is expected to grow. Over 73% of portfolio managers and analysts anticipate an increase in the proportion of alternative data sourced from third-party vendors over the next three years.

## Challenges of Working with Alternative Data

While many investment managers are incorporating alternative data across various categories and are committed to continuing its use in their investment processes, many portfolio managers and analysts still face challenges when working with this data.

Investment managers continue to cite combining data from different sources as their greatest challenge when working with alternative data with over 79% of respondents highlighting this issue - an increase of 9% from Exabel's previous 2023 survey\*\*.



Respondents were asked to indicate the most significant challenge they are facing today. Over 44% of respondents noted that having too much alternative data and the difficulties this presents for prioritization was the most significant barrier. Data quality concerns followed closely, with more than 39% of respondents highlighting the insufficient quality of alternative data as the biggest issue."

Barriers to extracting value from alternative data	Percentage of professional investors surveyed who selected this as the most significant
Too much alternative data and it is difficult to prioritize this	44%
The quality of alternative data that we have bought has not been good enough	39%
It is difficult to integrate alternative data into our systems	12%
The data isn't presented in a useable format	3%
Not enough internal resources (e.g. data analysts) to make the most of the data	2%

## Resources for Analysis

Finally, we asked portfolio managers and analysts questions around the resources they have internally for alternative data - their budgets, personnel and technology required to analyze and work with the data.

When allocating budgets for acquiring and managing alternative data, our survey found that around 62% of respondents allocated between 25-50% of their resources towards purchasing the data itself. Meanwhile, 45% of respondents reported that their firm allocates around 25-50% of the budget to technology and software. The largest group of investment managers, over 49%, indicated that their firms allocate 10-25% of the budget to headcount.

	Up to 10%	Between 10% and 25%	Between 25% and 50%	Between 50% and 75%	Between 75% and 100%
Headcount	12%	49%	33%	4%	0%
Software/ technology	7%	20%	45%	26%	2%
Buying the actual data itself	2%	17%	62%	19%	0%

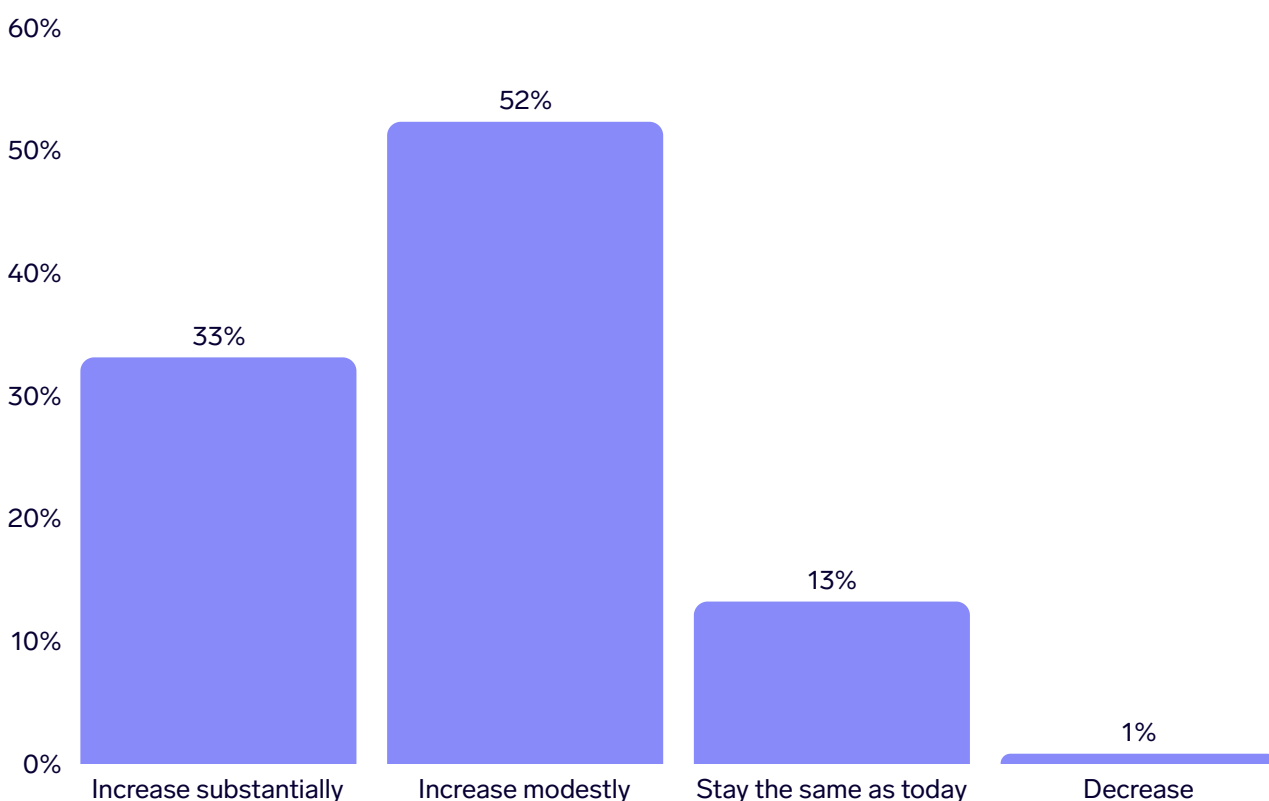
In addition to the allocation of resources above, over 84% of respondents answered “Yes” to “does your firm have a dedicated alternative data lead?”, with around 11% saying that they did not.

When asked how committed senior management team members are to using alternative data for portfolio managers and analysts investment research, over 77% said that they were “quite committed” with around 21% of respondents stating that management was “very committed”.

## Budgets for Alternative Data

When asked about changes in investment managers' budgets for acquiring and managing alternative data over the past two years, over 43% of respondents reported an increase of 50-75%. Around 36% indicated that budgets had grown by 25-50%, further highlighting the growing appetite for alternative data among portfolio managers and analysts.

Furthermore, the demand for alternative data among investment managers is expected to rise. In the near future, investment managers' budgets for acquiring and utilizing alternative data in 2025 are projected to increase compared to 2024. Over 33% of respondents stated that their budgets will "increase substantially" while around 52% anticipated "it will increase modestly". Only 13% of respondents said their budgets "will stay the same". Only 1% of respondents said their budgets "will decrease".



## Alternative Data Tech: Current & Future

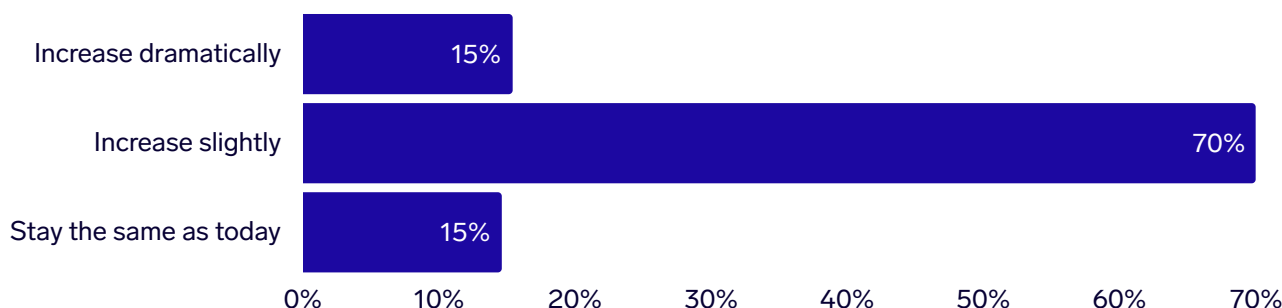
"Understanding that investment managers continue to face challenges working with alternative data, while the use case is intended to grow, underscores the need to for the tools that support this process.

Investment managers were surveyed about the systems they currently use to analyze alternative data. Third-party systems are used most commonly, cited by around 66% of portfolio managers and analysts. However, 59% of funds are still relying on legacy tools - such as Excel, Tableau, and other disparate systems -- to work with alternative data."

### When analyzing alternative data, which of the following systems do you use?

In-house built software systems	51%
Third party software systems	66%
Systems provided by data vendors	51%
Basic tooling (Excel, Tableau, etc.)	59%

"When asked how portfolio managers and analysts see their use of third-party software systems to analyze alternative data changing over the next five years, over 85% of respondents said that this would increase, while just under 15% said that it would "stay the same as today".



Additionally, when asked about why they think this would increase our respondents cited the following:

**87%** "It is more economical to use third party systems than invest in our own in house"

**62%** "They provide a more consistent way to work with different types and sources of data"

**52%** "They are more effective than our in-house systems for analyzing data"

**12%** "It's a specialized area that needs specialized tooling"

The primary reason for the rise in the use of third-party software among investment managers is its cost-effectiveness, with over 87% agreeing that it is more economical to buy, than to build and manage in-house systems. Additionally, around 62% of respondents stated that third-party systems offer "a more consistent way to work with different types and sources of data." Even those who currently rely on in-house systems indicated plans to increase their adoption of third-party software, with over 52% citing that third-party systems are "more effective than our in-house systems".

## Conclusion

The demand for alternative data continues to grow globally, with investment managers increasing their investments year on year to both acquire and manage a growing array of datasets. Alternative data has become a mainstream source of insights for portfolio managers and analysts worldwide, with 100% of respondents confirming its integration into their investment processes.

This report highlights the transformative impact of alternative data on investment strategies, showcasing key trends such as the growing adoption of third-party analytics tools, the rising demand for diverse data categories, and the critical role of quality data in enhancing predictive accuracy. Additionally, the report identifies emerging opportunities in underutilized data sources and provides a forward-looking approach to ensure sustainable growth in the alternative data ecosystem.

However, challenges persist in working with alternative data. The integration of data from different sources remains a key frustration for portfolio managers and analysts, with more and more funds looking to third-party software systems to help address the complexities of managing and working with alternative data.

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## General Disclaimer

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## Company Bios

### About Exabel

Exabel is an end-to-end platform designed to help investment teams seamlessly integrate alternative data with traditional financial metrics. The platform offers advanced analytical tools that enhance KPI forecasting, uncover key drivers, and streamline workflows, empowering teams to make more informed investment decisions.

### About BattleFin

BattleFin is democratizing alternative data for global financial services and corporate businesses to make more strategic investment decisions. BattleFin offers Discovery Day, the largest alternative data event series in the U.S., Europe and Asia. BattleFin's Ensemble platform is an AI-based discovery tool that offers data sourcing and discovery to deep research oriented asset managers and corporate customers.

### BattleFin's Acquisition of Exabel (Dec, 2024)

In December 2024, BattleFin Group acquired Exabel bringing together alternative data sourcing, exploration, analytics and insights under one umbrella. BattleFin's network, distribution channels and data catalog match perfectly with Exabel's deep technology expertise and ability to conduct KPI analysis and fundamental research on a single platform. The \$26mm of funding that went into building the platform with security, scalability and rapid time to insights is testament to the vision of the team and visionary investors like AWC, LSEG, Jefferies and others.

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