An alternative approach to retrieving data from SDC

Mikko Niemenmaa
mikko.niemenmaa@hse.fi
Chydenia H2.30
Introduction

SDC Platinum is a great source for information on mergers and acquisitions and other corporate finance topics. It contains a wide selection of events and allows for the retrieval of specific information related to the events directly to a format suitable for further analysis.

However, a problem often arises if information from other sources is required to supplement the data from SDC, for example stock return data or detailed financial information from Thomson ONE Banker.

In the following slides I present an updated approach to retrieving data from SDC that limits the problems of transferring a sample between the two sources and shortens the time to analysis. The instructions assume that the user is familiar with both the SDC and Thomson interfaces.

In case of questions, omissions, and corrections, please contact:

    Mikko Niemenmaa
    Tel: 4313 8467
    Chydenia H2.30
    mikko.niemenmaa@hse.fi
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SDC and Thomson ONE Banker are useful for research purposes

**Overview**

- SDC is a good source for mergers and acquisition and other information, see the following two slides for more detailed information on the contents of the database.
- Empirical studies supplement the SDC information with data from other sources, e.g. Thomson ONE Banker.
- This approach is especially common in event studies and other corporate finance phenomenon studies.
Information accessible with SDC Platinum

General information
- SDC Platinum contains a different variety of information compared to Thomson ONE Banker and Datastream Advance.
- In it you will find Mergers and Acquisition details, stock issues, and rights offerings just to name a few.

Data types
- This database is actually a connection point to multiple different types of data.
- It should be used to retrieve details relating to different types of financial events.
- Contents
  - International corporate finance database
  - IPOs and secondary offerings
  - M&A, mergers and acquisitions
  - Venture Express, Venture Capital funds

Related websites
- www.thomsonib.com/sp.asp
Information accessible with Thomson ONE Banker

**General information**
- Thomson ONE Banker is a web based solution that delivers the information and analysis tools investment banking professionals need - via one interface. Thomson ONE Banker provides access to relevant real-time global market data, news, and authoritative content from industry-leading sources.

**Data types**
- This is probably the one system you want to learn how to use if retrieving almost any time series.
- Datstream equity data
- IBES
  - EPS, EBIT etc. estimates of analysts
  - 17000 companies in 47 countries
  - 6500 analysts from 750 financial institutions
- Worldscope
  - 24 000 companies from 50 countries
  - Covers 96% of the total market capitalization in the world
  - History 10-18 years
- Selection criteria include company name, country, industry and key ratios

**Related websites**
- banker.thomsonib.com
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There are various drawbacks of starting sample creation with the SDC database

### Benefits
- Potentially more thorough sample i.e. more events

### Drawbacks
- The time required to clean the data in the sample is much longer
- The number of events might be distorted upwards and there might not be further data available in Thomson
- A distorted sample may be created if the events are considered in the analysis but there is actually no supporting data

Usually the approach to find information is to start with SDC and then see what is available in Thomson, this can cause limits and deficiencies in the data and lost time due to inefficiencies when cleaning the sample.
Typical data retrieval using the SDC and Thomson databases has the following four phases:

1. Create a SDC Query
   - Choose a data source inside SDC (e.g. M&A or IPO)
   - Choose a time period to search for
   - Add additional query parameters (e.g. deal size, country, company type)
   - Choose the variables to save in a report (e.g. event date, company name, CUSIP, SEDOL)
   - Execute the query to get the results

2. Create a SDC Report
   - Save the results in Excel format
   - Browse the results to see if they are appropriate
   - Save the results into an Excel or text file
   - Exit the SDC program

3. Execute the query
   - Use CUSIP or SEDOL codes in Thomson to identify EntityKey
   - Open the query results in Excel
   - Retrieve the Thomson EntityKey using the PFDL function and the CUSIP or SEDOL codes
   - Check the remaining company names with the search tool to ensure that the company really does not exist in Thomson
   - Remove the companies with no data in Thomson from the sample

4. Retrieve the additional required data
   - Use the EntityKeys to retrieve the rest of the required data for the sample companies
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Sometimes the more efficient approach is to limit the sample with Thomson ONE Banker first

**Benefits**

- It is known from the start which companies will be considered in the analysis
- There is certainty about the companies’ data availability in Thomson
- Much quicker and more efficient execution of queries to find data
- Reusability of the base company list for retrieval of other events

**Drawbacks**

- Can leave some events out of the analysis
- Sample can be biased because it is partially data availability driven, not event characteristic driven

The updated and more efficient approach starts with retrieving a list of companies for a market from Thomson and entering the list as one of the search criteria in SDC.
Three phases to use the new search approach in SDC

<table>
<thead>
<tr>
<th>Create a list of companies using Thomson, get their SDCCusip identifier</th>
<th>Clean the list of SDCCusips by sorting it</th>
<th>Create an SDC query and add the SDCCusips as a search parameter</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Choose a criteria for a list of companies to be the basis for the sample</td>
<td>• Export the search results from the browser into Excel</td>
<td>• Choose a data source inside SDC (e.g. M&amp;A or IPO)</td>
</tr>
<tr>
<td>• Use the advanced search functions of the Thomson ONE Banker browser interface to create a list of companies and their EntityKey and SDCCusip identifiers</td>
<td>• Sort and clean the list of SDCCusips to make sure there are no blanks or invalid values</td>
<td>• Choose a time period to search for</td>
</tr>
<tr>
<td></td>
<td>• Copy the list on to the clipboard (i.e. press “ctrl+c”)</td>
<td>• Add the list of sample companies as a query parameter (i.e. choose variable, press “Codes”, right click and click paste)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Add additional query parameters (e.g. deal size, country, company type)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Choose the variables to save in a report (e.g. event date, company name, CUSIP, SEDOL)</td>
</tr>
</tbody>
</table>

The following slides describe the process in more detail using screen shots.
Creating a list of companies in Thomson

1. Create an advanced query with the EntityKey and SDCCusip criteria included.

2. Check that the search results are appropriate for your sample.
Import the list of SDCCusip codes into SDC Platinum

3. Pick the appropriate database and time interval, start adding a CUSIP constraint (e.g. Acquiror CUSIP)

4. After you click “Open” you can start adding the SDCCusip codes by clicking on the “Codes” button on the toolbar.
Validate your list of SDCCusips from Thomson

5 Check that there are no blank lines and that all codes are well formed and then paste the list of SDCCusips into the window.

6 Click on the “Load” button and wait for SDC to validate your list of codes.
You can use the validated list as is, or save it for later use.

7 After the list has been validated, you are prompted to select which companies to include or exclude.

8 After clicking "OK", you can either save the list for later use or add it to your query as it is.
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The new approach provides improved control of the sample when retrieving data from SDC

**Conclusion**

- The new approach to retrieving SDC data using a set of companies from Thomson as a limiting criteria offers time savings when doing further data retrieval with Thomson and a more robust and controlled sample selection process.

- The main drawback is that in some cases you might lose important deals from the sample. However, if you could not get relevant data from Thomson, the data point would have to be left out in any case.