

Alternative Data Market Growing 2.5x Faster than Artificial Intelligence Industry; Revenues to Quadruple and Hit \$19B by 2027

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While investors and hedge fund managers usually rely on data from SEC filings and quarterly earnings to make informed investment decisions, recent years have witnessed a surging demand for alternative data as a powerful tool to grow investments and generate alpha. According to data presented by AltIndex.com, global alternative data revenues are expected to quadruple and hit almost \$19bn by 2027, showing the entire market is growing two and a half times faster than the artificial intelligence industry.

Alternative Data Revenues to Grow by CAGR of 41.4% by 2027, Compared to 17.3% in the AI Industry

When alternative data started to take off in the 2000s, it was expensive and used almost exclusively by hedge funds and a handful of wealthy traders. Since then, the global demand for alternative data has skyrocketed, leading to better data-gathering technologies, lowering service prices, and more providers entering the market.

Alternative data goes beyond standard financial reports and statements, providing additional data points to give a complete picture of a company's performance. Examples include product reviews, credit card transactions, satellite imagery, social media comments, and every other innovative or non-traditional data used to gain a competitive edge in the market.

According to Research and Markets survey, the global alternative data market generated \$3.23bn in revenue last year. This figure is expected to hit \$4.74bn in 2023, showing a massive 46.7% increase year-over-year. However, the following years are set to witness just as impressive growth rates. Statistics show the alternative data market is expected to grow by CAGR of 41.4% in the next four years and hit a \$18.94bn value by 2027.

The growth of the alternative data market is even more impressive compared to the artificial intelligence industry.

Ever since the launch of ChatGPT, the business world has been captivated by AI, so it shouldn't be a surprise that investors are looking for new ways to use AI in investing. According to a Statista survey, between 2023 and 2030, the value of the global AI industry is expected to jump from \$241.8bn to \$738.8bn, growing by a four-year CAGR of 17.3%.

One-Third of Hedge Fund Managers Expect the Alternative Data Use to Explode Between 2023 and 2025

The 2021 AIMA and SS&C survey, conducted among nearly a hundred hedge fund managers and market leaders globally, showed more than half of investment firms used alternative data. With more and more companies investing in technology, that number will continue to grow in the following years.

According to the survey, around 38% of hedge fund managers using alternative data believed it would be widely adopted in the next three to five years.

Another 30% of respondents expected this to happen in the next seven and ten years, while only eight percent didn't think it would become mainstream. The same survey showed more than two-thirds of these market leaders were using alternative data to generate outperformance.

Alternative data market growing fast

Projected Alternative Data and Artificial Intelligence (AI) Market Growth between 2023 and 2027

Sources: Statista Market Forecast, Research and Markets; Alternative Data Global Market Report 2023

