



## Why Thomson Reuters Corporation Is About to Dominate the Competition

### Description

Stiff competition has resulted in **Thomson Reuters Corporation's** ([TSX:TRI](#))(NYSE:TRI) recent earnings reports showing that a major barrier to the company's growth has been its struggle to grow revenue in certain sectors of its business. One sector that has seen challenges is the financial and risk segment, whose revenues declined by 2% in the second quarter.

### The challenges of competition

Part of the reason Thomson Reuters has struggled to grow its revenue in that segment is stiff competition. The company's main rival in that segment is **Bloomberg LP** while there are many other small competitors, too, such as **Capital IQ**. In order for Thomson Reuters to grow in that sector, it has to distinguish itself from the competition, and the latest developments show that it may accomplish exactly that.

While Thomson Reuters and Bloomberg each control about a third of the business, the latter may soon start to lose its position. Wall Street has grown somewhat annoyed with Bloomberg's dominance in the sector, particularly after it came to light that Bloomberg journalists were obtaining some highly confidential information through the terminal. As a result, other companies have been working on programs that would be stronger competitors to Bloomberg's offerings.

So how does this relate to Thomson Reuters? While Bloomberg may be suffering from a bit of negative PR, Thomson Reuters just got a really healthy dose of positive PR. Thomson Reuters recently had a game-changing business development when it won the right to manage the daily silver fix with CME group. This win has positioned the company well to also win the right to manage the daily gold fix.

### One down, one to go

Back in April, the four banks that participated in the silver fix and the London Bullion Market Association announced they would stop administrating silver prices in August. The development followed increased scrutiny on the financial sector, which included allegations of price fixing by the banks participating in the silver fix. Recently, the member banks and the LBMA announced their intent to start a similar electronic pricing system for gold starting in October and have asked interested firms

to send in proposals to replace the current system. Thomson Reuters and CME Group have also responded, saying that they will work together and consult with gold miners and consumers to come up with a new proposal for the gold fix.

We are not exactly sure what competition Thomson Reuters will face to win the right to run the gold fix, but its competitors for the silver fix included Bloomberg LP, **ETF Securities**, **Intercontinental Exchange Inc.**([NYSE:ICE](#)) **Platts**, **The London Metal Exchange**, and **Autilla** — a very strong group of competitors.

While winning the silver fix was definitely a positive for Thomson Reuters, if the company also wins the gold fix, it will have achieved a major milestone that could help it differentiate itself from the competition and attract new customers. This in turn would be a meaningful move in the right direction in terms of increasing its revenue, which could be a major positive for its share value.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. NYSE:ICE (Intercontinental Exchange, Inc.)
3. TSX:TRI (Thomson Reuters)

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## Date

2025/07/06

## Date Created

2014/09/11

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