Verisk Analytics Investor Day

December 1, 2015

Eva Huston: All right. We're going to get kicked off. We're going to try to stay on time today. Good morning, everyone. I'm Eva Huston. I'm the Treasurer and Chief Knowledge Officer at Verisk Analytics. And thank you, everybody, for coming.

Our objective for today's Investor Day is to give you a deeper understanding of our strategy and what makes our solutions special and needed by our customers. We want you to understand why we're excited about our long-term outlook and the opportunities before us. And we also want you to better understand Wood Mackenzie and the value of having it as part of Verisk today. At the end of the day, when you're looking at the financials, having those solutions that bring value to our customers is what really generates that strong revenue growth, profitability, and free cash flow that you see.

I'm going to make a couple of administrative notes before we start, just so everybody knows, and then I will turn it over to Scott Stephenson, our CEO. As many of you know, we have the solution demos outside in the lobby area. We have two stations for the newest addition to Verisk, which is on Wood Mackenzie, and we also have a number of other solutions out there with regards to insurance and financial solutions. I know these are always popular. They give you an opportunity to really touch and feel the product, understand how our customers use it, what brings value to them. So I really hope that you will take a look at those during breaks. And they will also be open through the end of the day.

Based on your feedback from last year, we've allocated more time for questions. So we are going to try to keep on time, but there will be time where you'd ask questions in between most of the presentation. We are going to serve lunch at about noon, I believe. We'll tell you when that is. You'll be able to get a box, come back in, and then we'll go on to the financial parts of the presentation.

Finally, those of you who need Wi-Fi, if you look at the signs around the room, you'll see the password. You can also download, if you haven't already, the Investor Day presentation on your devices. There is also an app that we had suggested you might want to use, iAnnotate, if you like to take notes on that. We do have a few hard copies out front but we are trying to be a bit green, so thanks for your support in that.

And then, finally, on your way in, you should have received a survey. If you wouldn't mind, before the end of the day, filling that out, dropping it at the table on your way out -- be really helpful to us. We've gotten your feedback before. It's been very useful. We make adaptations to our investor-day to make sure this is most useful for you. We are here for you today. So if we could get your feedback at the end of the day, that would be very great.

And so, with that, I'm going to welcome and turn over to Scott Stephenson, Verisk's President and CEO.

Scott Stephenson: Thanks, Eva. Good morning, everybody. Nice to see you here, and thank you for coming out. We always appreciate your interest. Always great to have a lively conversation with you. As usual, the meeting started about an hour before it started, so you might want to get here at 6:30 next time we do this. A few things that I would like to cover with you up front this morning. And really what I want to do is kind of recite some things that we've spoken with you about before, but they are just very, very important: and that is the ideas that really motivate what we're doing here at Verisk. And I would put those into three categories.

The first is those things that we think make us different, that make us special. That data analytic world is a large world. There are actually a lot of different business models out there. We are pursuing a very particular business model inside of the data analytic world, and I'd like to talk about that a little bit.

The second thing I'd like to talk about is those things that represent the essential competencies that we both have, and need to have, in order to be good at what we do on behalf of our customers, and to be able to run an efficient business.

And then the third set of ideas are the things that we're going to give particular emphasis to in 2016: the things inside of this concept of what we're doing that we think are really the timely issues of the moment that will help us to advance most strongly in real time. So those are the three things I want to cover with you up front, and then we will have some time for Q&A.

So let's dive in. This first set of ideas, I just want to comment, are found in a set of presentations -- are found in something that we call the Verisk Way. A couple of years ago, we felt the need (technical difficulty). We put together a set of ideas. We call it the Verisk Way, which is a set of ideas about the nature of our business model, what it is that we value, how we view leadership. You can actually get to these ideas. They are all found on our Web site -- Verisk Way -- so if you go to verisk.com/veriskway/, you can find these.

But one of the things that we've tried to be very clear about with ourselves, and with the world at large, is -- what is it that makes us distinct? What is it that we need to be very focused on in order to have the most highly optimized business? And it's these four things.

And I'm sure you've heard us talk about these before, but just to recite them again: one is proprietary data. And you may say, well, yes, data analytics is that they are always proprietary data. Actually not. There are a lot of data analytic companies that not only do they not have proprietary data, they even eschew proprietary data. They say, we don't want to have data; we're all about

methods. That's not us. One of the things that makes us different is that we have content that others don't have.

The second is deep domain expertise. So again, there are a lot of horizontal players. The old form would be IBM. And I don't say that pejoratively; it's just they've been doing what they have been doing for a while. A new form would be Palantir. But both of those companies would say, we don't really have very much content, and we don't start out necessarily as experts in particular domains. It's more that we have methods that we can apply almost anywhere. We have deep domain expertise. It is very important in our business that we look like insurance to insurance, and that we look like oil and gas to oil and gas, et cetera.

The third is being the first mover, sort of inventing categories, coming up with the analytic method before anybody else. And there are two reasons for that. One is if you have more experience than the other guy, then you will have trained your algorithm better than anybody else. The other reason why being a first mover matters is the market assumes that your analytic is better if you are the first mover.

And the last is to be deeply embedded in customer workflows, so that as their work modifies, it is more likely that you remain engaged with them than not, simply because of embedding.

The thing that I would say about those four distinctives is they are most particularly conferred if you are a vertically oriented data analytic company like us. In other words, it's only in the verticals, in our view, that proprietary data grows up. It's only in the verticals that domain expertise grows up. And so, this is the nature of our business, is these four things.

And I would say -- this is my 15 year with Verisk/ISO, the way we used to be identified before the IPO. And I think the reason why we have received these citations from Forbes and the reason why we became an S&P 500 component this year, more than anything else, is because we have generally stuck very close to these four distinctives. We think they are just really that important.

And that way of thinking actually has a lot of explanatory power, as it relates to the way we've thought about the portfolio things that we do.

And obviously 2015 has been a year of pretty big news, where we made a large acquisition on the one hand, and we've talked about a strategic review of another part of what we do. A lot of the logic behind that way of thinking relates essentially to these four points.

One of the things that has been characteristic of our Company, inside of that view of what makes for distinction, is essentially being able to compound the compounding that is associated with having a business like the one that has those four distinctives. If you have a business that has those four distinctives, then two of the things that are going to generally be true is there's going to be a high degree of recurrence with respect to revenue, and generally scaling margins.

In other words, when you do business that way, it's generally the case that the incremental revenue dollar has a higher contribution margin than your average margin.

And so over on the left, essentially from the beginning, from the very beginning -- I'm going back now -- I say the very beginning; 15 years ago, sort of my involvement with the Company -- we had a business which was characterized by assets and positions with property and casualty insurance companies where there was steady growth. Not particularly high; actually, our rate of growth over the last 15 years in the P&C business has actually gone up pretty dramatically.

But as there has been growth, which has been powered substantially by innovation, we've also seen margins expand. And generally a business like ours tends not to be hugely capital-intense. We've actually raised capital intensity over the last couple of years, partly out of necessity, partly out of a desire to be innovative. But that's essentially been the nature of our business.

One of the things that we've been able to do is, with the surplus generated by that, is to -- as we make our way around the market, to observe other vendors that maybe have done things that relate well to our strategy, so we have acquired businesses. And that's been good business for us, as well, usually at reasonable prices. But there's a compounding of the compounding that has been going on. And we think of that as really almost our formula. And our definite goal is to have that formula sustained and continue to work into the future.

So a few observations, then, about where we feel we sit at this moment, inside of that view of our business, the distinctives and that formula. We strongly, strongly feel that we are well prepared to continue to drive strong organic growth. We think that the first way that we'll do that is by staying close to our distinctives.

One of the opportunities we have is to just think hard about the mix and the balance of subscription-level products versus providing more human-intense services. And there are some parts of our business -- and we'll talk about this later, when Steve Halliday comes up to talk about Wood Mac -- there's some parts of our business where maybe we've actually gone a little too far in the direction of services.

But then there are other parts of the Company where actually we probably have not done enough, where we could actually support even greater levels of intimacy with our customers if we did even more to help them apply the solutions that we've got.

We are very clear on the fact that the strong majority of our revenue, 80 percent-ish plus, is going to be in the form of subscriptions that are generally multiyear and highly recurrent, et cetera. But there is room for the bespoke work with individual companies to help them apply what we've got. Not only because it increases intimacy with our customers, but also because it's actually a source of ideas for the next generation of solutions. So getting that balance right is important, and we will do so.

Innovation, very important; and globalization is a really big theme for us, as well. We think -- to summarize that in one sentence: we think our methods apply globally. The issue is we have to get enough content. We have to have enough observations, market by market, in order for our method to be applicable in any particular locale. But we know what we need to do in order to globalize.

We also have the opportunity to think more about making use of channels, where essentially what we could do is slice and dice our content and make it available to new customer sets. And we have really not done a lot of that, up until now.

Around that, then, a couple of things. One is we are actually more focused on trying to take advantage of one of the things that we can do, we feel we can do, on behalf of shareholders, which is to observe the world that we're in and to see interesting, emergent kinds of businesses. And so we will spend more energy and more time on the M&A agenda going forward than we have today. And there will be a strong, global flavor to that. But we are also going to maintain the discipline of liking to return capital to shareholders when there are opportunities.

You no doubt saw our announcement this morning about a $300 million authorization from our Board. Somebody asked me in the meeting -- before the meeting -- whether that related to our strategic review in healthcare. And the answer is, resoundingly, no. One of the great things about our Company is that we just produce a lot of cash, and we just want to be very responsible with it. We are always taking note of where we are in the M&A pipeline. And having done so, we feel this is a good and responsible thing to do at this time.

And lastly, you probably noted that we made a commitment, at the time that we financed the Wood Mackenzie acquisition, that we were going to return our leverage ratio to 2.5 times or below, which is our sustained target; so we will. And we said we would do that by the end of 2016. We are well on our way to doing that, again, because of the cash generation of the business. So, it's all in balance, from our perspective.

We are going to talk a lot today about Wood Mackenzie as sort of the newest news inside of Verisk. And I think you'll find the perspective to be a deep one, and hopefully a persuasive one, from your perspective. But I do want to make sure that we reference that there are a number of really, really, very meaningful things that we do inside of Verisk, and just to cite where we started, which was in the P&C industry. And basically most of the plays in our playbook come from the fact that we got the start that we got in life, which was as a company that was formed by our customers.

You cannot be more intimate with your customers than that. And the thing that was conferred upon that Company from the first day was a unique set of data assets. It was just in the nature of what the industry was trying to do with the company, then called ISO. And so, it informs everything that we do in terms of what good looks like, basically. And it also remains the largest part of what it is that we do.

But it was in that world that we saw the advantage of being a first mover. We saw the advantage of having must-have solutions that become deeply embedded in customer workflows. The leverage that comes from having industry standard solutions built once and sold many times.

And also a lot of the financial characteristics of our Company are also seen in what it is that we started with: a high percentage of subscription revenue, not very concentrated in terms of revenue by customer, and the relative efficiency with which we can use capital. All of those things were basically -- in many ways, I feel like I stand on the shoulders of giants, because they put together this business model, which still to this day continues to be, I think, absolutely unique. There is no -- believe me, we have looked -- there is no industry vertical in a national economy where there is more propensity towards data sharing and data aggregation, and the use of data analytics in order to drive decisioning.

There is no industry segment, national economy combination in the world which has those characteristics more strongly than the United States property

and casualty insurance industry. It is a noteworthy exception in a world where -- by degrees, because of regulation and industry structure -- there's just less propensity to permit data to be aggregated.

So we are very privileged to be where we are. Also because, through the mechanism of insurance, you actually get to look at a lot of the economy. And so as we watch the waxing and the waning of different lines of insurance, we actually get a lot of clues in terms of what's going on in the economy. And that helps us to think about other things that we might go do.

We're going to talk a lot about Wood Mac today. I couldn't be more excited about where we sit with Wood Mac. We are ahead of schedule on integration. And Wood Mac is a fantastic business with extraordinary leadership and an absolutely Verisk-like position inside of its domain, which is resource businesses with emphasis in the oil and gas. But one of the things you'll hear today is there's a lot more that gets analyzed by Wood Mac than just oil and gas. But there are several ways that the rest of Verisk and Wood Mac together present opportunities that we didn't use to have.

There are a number of cross-selling opportunities. For example, our suite of risk indices, country and political risk indices -- bringing them into the large vertical, which is the oil and gas vertical. As you know, at Verisk, we're very interested in supply chain thinking. It's a large, complex set of issues which lend themselves to the same kind of stochastic analytics that we're good at. Probably, if you think about size, plus complexity, there probably isn't a supply chain which is more meaningful than the oil and gas supply chain. So, we now have a particular place to apply what it is that we've been trying to build.

We can take Wood Mac content -- and we're already working on this -- to bring it into the commercial lines side of the insurance world. We are definitely taking steps, even today, to leverage the footprint that Wood Mac already had established globally, in order to support other lines of business from Verisk. We will actually show you the map in a little bit. It's a different

map than it was 12 months ago for Verisk. There is a GIS basis. There is a geo-located quality to the data, which a Wood Mac needs to make use of.

That's also true of a number of the things that we do at Verisk. And so there is an underlying -- think of it as -- have a single way of referencing latitude/longitude combinations, and then just stack up all of the observations, whether they are from insurance or they're from oil and gas, et cetera. And more generally, the large-scale data integration, which is a hallmark of what we're good at at Verisk, we believe, already is beginning to confer advantages; and, increasingly, will confer advantages on Wood Mackenzie.

And then, lastly, you've heard us talk a lot about aerial imagery. One of the use cases that we've talked about a lot is inside of insurance, where there is still a labor intensity to doing things like adjusting claims. And so, if you can make use of a remote observation which is precise and fast, then the insurer will be able to eliminate some of the labor that they otherwise make use of today. So that's the use case that we've had in mind already.

But in the oil and gas space, there's actually plenty of opportunity also to observe on physical assets from a distance, draw conclusions, and convert that into action. And we're just really in the early innings of doing that in the Wood Mackenzie context.

So that's a little bit about -- what I started with there was basically, what is it that we think makes us distinctive? How did we get to those ideas? That's really our P&C heritage. And a little bit about essentially one of our timely news items, which is Wood Mackenzie, and how does Wood Mackenzie fit. And we will say more about that as we go forward.

But let me now rotate the crystal a little bit, talk about something else, which is a way of thinking about our Company, and that is -- what do we have to be good at? What are we good at, and what do we have to be good at? And basically what we're saying here is that there were a set of things we had to be good at in 1971, when our predecessor company was created, which was a set of things that are important and generally actually still apply, but I think of

them as limited. In other words, they are meaningful, still, but in more of a niched way.

And in light of all the changes which you can just see there, and hopefully you can just confirm in your own experience -- down the middle of the column, we have become a company that has to be particularly good at the five things which are on the right, which, as you can see, are large-scale integration. So, one way to think about this is, we are distinct from a Palantir, but we actually cannot be less capable than a Palantir, as an example, when it comes to methods for large-scale data integration, whether it's structured or unstructured kinds of data sets.

The second is multi-tier, multi-spectral imaging, which relates to that aerial imagery point that I was just making. Basically, we do not see ourselves as the people who will be the sole source of data from a satellite, and the sole source of data from the belly of an airplane 3,000 feet up, and the sole source of data from unmanned aerial vehicles, and the sole source of data from a handheld device that is waved around inside of a building. We do not see ourselves as the sole source of any of those.

We do see ourselves as the distinctive -- and, we intend -- global source of the integration of all of that, so that for any particular use case, we are making use of the most efficient and precise image set. And there will be different combinations of those different layers, depending upon what the use case is. That is what we have to be good at. We are good at that, and we have to be good at that.

The third is visualization, ultimately (into) consumability. So one of the things, when you are a solutions company like us, it's not just that the algorithm is great. It's not just that the machine is able to learn. It is that you ultimately have to be able to present it to a human being in a way that they can make use of it, as well. So visualization is a big part of consumability. And the other overlay, increasingly, is the ability to geo-locate whatever it is you're talking about.

In other words, what is the most unique signal that any of us sends off? It's where we happen to be. In other words, I'm not you, because I'm not occupying the space that you are occupying right now. So the best way to distinguish between any two people, any two companies, any two buildings, et cetera, is to know where they are, actually.

The fourth point here: stochastic methods. So that's another way of saying prediction, and prediction in complex environments. That's something that we are very good at today. I encourage you to go out to the kiosks, look at some of the products out there. There was -- one of our associates was out there talking about how you create a 10,000-year view of an event. Well, the way you create a 10,000-year view of an event is you run next year 10,000 times. So a lot of Monte Carlo kinds of methodologies.

And the last is localization of solutions. So you can think of that as go-to-market, but in a particular way. And I will give you an example in just a moment. We can take our methods, our really excellent methods -- for example, our Xactimate platform, which is used to adjust probably about 85 percent of homeowners claims in the United States. The method works just fine anywhere. But I will show you all the things you have to do to actually plug it in in Australia, as an example. So it's the ability to take it, but then to make it work, place by place by place. That's something that we have to be good at. Those are our five core competencies.

Just to make a comment on all that, so back to the privileged position that we've got, based upon how we were birthed inside of the US P&C insurance industry, those five competencies have always mattered inside of our Company. They have always mattered inside of the insurance vertical.

As we look at the other verticals that we are in -- so, banking, which as you know, has now developed this extremely interesting extension into media effectiveness, marketing effectiveness. Basically all of those capabilities are very relevant in that world, with the exception of multi-tier, multi-spectral imaging. We haven't really found that use case yet, but the other four are extremely relevant.

When we look at what Wood Mac does, which is energy plus metals and mining -- think of it as a resource businesses, basically -- all five are relevant. The open circle is intended to say that at -- basically large-scale data integration has had a place inside of that world today, but not to the same degree that it has in the other verticals that we occupy. That will change. Actually, in fact, we intend to be the ones to make that change. But the others are very highly relevant. So, within, let's say, 3 to 5 years, that row will be entirely solid circles.

And then, as you know, we are in our strategic review on our healthcare business. I could go back to the list of distinctives, and talk about the ways which, by degree, our healthcare business doesn't represent those same distinctives -- not for lack of trying; not for lack of a great team. And it is a business which has definitely become bigger and better as we've operated it. But some of the distinctives, I don't -- we question whether they will ever be as meaningful as they are in the rest of what we do.

And then you come to this competencies view. Large-scale data integration definitely matters a lot. Stochastic modeling mostly matters a lot. Actually, there's a lot of heuristic inside of the way that healthcare works today. That's actually part of the problem. Healthcare is more rules-driven than it should be. Given the amount of data that is or should be available, it should be more about prediction. It's not as much as it should be. But still, the capability is meaningful.

Consumability definitely matters. Geolocation, probably not so much, but a couple of the other competencies -- multi-tier, multi-spectral imaging -- this probably won't be important in healthcare. And localization -- the one thing that I feel very confident in saying about our healthcare business is it will not become a global business. And I say that simply because the rest of the world does not want to do healthcare the way we do it in United States, for all the obvious reasons. We spend much more of our GDP on healthcare than anybody else does, and our health outcomes are middling. So, it's just not going to be a global business.

And so, just the visual here hopefully communicates part of the reason why we have undertaken the strategic review on healthcare. Again, it's a great business. I think it's been run very well. And I think it actually has a good future. But we've had to think about -- how much does it align with our distinctives? How much does it align with the core competencies?

We've also had to account for the evolving industry structure, where -- mostly because of the influence of the federal government kind of expanding its role in terms of payment. Private payers have responded, in part, by becoming bigger, and thinking about becoming yet bigger into the future. So that's just a little bit of how this way of thinking relates to some of the portfolio thinking that we've talked about.

What I want to do is just look at those five core competencies very quickly with you, just to make sure that I've illustrated them, basically.

So what you're looking at here is across the different domains, the number of different data stores we've got. Hopefully, one of the things you take away from this is that there's not one big lake of data that sits underneath Verisk which is the font of everything that happens inside of the Company. Which would be kind of a creepy thought to me, because if it was just one big lake and there was something that threatens that lake, then you'd say, well, wow. What is this Company founded on? In fact, we have a lot of data assets.

And basically the point that you should take away from this is we have so many opportunities via large-scale data methods to -- even first order -- just structure our own structured data better. We've typically purpose-built data sets for specific applications. And essentially what we're saying here is, there are lots of ways -- and this is really what you find in the right-hand column -- lots of ways that we can relate data set A to data set B. When you do that, you've actually created new data. When you tie two data sets together, by definition you have created new data. And we have lots of opportunities to do that.

And the bullet on the bottom, on the upper right, is the point I was making to you before, that geolocation is a very interesting way to knit together data sets. Because it actually -- the signal value of geolocation is actually very high, if you are trying to distinguish entity A front entity B, person A from person B. But also, it actually can show up across a lot of our data. And so it's a very natural way to try and integrate our data sets.

Multi-tier, multi-spectral -- I talked about this before. You get different things from different ways of generating a signal. A satellite will give you 25 millimeter to 50 millimeter resolution. So think of that as 10 inches per pixel, at the bottom of that range. Generally, you can image the same spot on the earth with considerable frequency from a satellite, and it is by definition multi-spectral. You drop down to an airplane, you're getting a more precise image. But you have to really commission the plane to go. It's not the same as a satellite, which is up there imaging anyway. And you're dealing with the visible spectrum, which is also true of a drone. And the great limiting factor on a drone actually is how far can it fly? Generally, they have to go up, and they have to come back down. They can go a little distance, but not very much.

And the thing that's going to be happening in all of our worlds in the coming years is we're all going to pull out these devices. And I'm thinking here of the insurance use case, which isn't the only one, but that's the one I -- is in mind, at the moment. And, literally, we will just sort of 360-degree image the interior of our home. Or we will image the damaged part of our home, et cetera. And the opportunity is that we actually all become much more involved in the claims process than before. And actually the handheld device, if you have the right way of interpreting the image, can actually give you a pretty precise bit of information.

And over on the right, we have just listed a couple of the use cases. And there are a lot of them, basically, and they don't relate only to insurance. And probably some of the most interesting ones actually aren't insurance.

And so, again, as I said before, it's not that we have to be the unique source of satellite imagery, for example. There are other people that are in that business, and they are not going anywhere. But it's the integration of all the layers, and knowing which ones to use for which use cases; that's more where the special sauce really resides. And when you have linked, say, a satellite image to an image which is sensed with a handheld device, you have created new data. And so we do believe that there is proprietary data in the stack; it's just not in the individual layers. It's in the way that you pull it all together. That's where the uniqueness comes in.

Consumability. This is just -- in fact, you can see an image very much like this one, out in the demos. Basically more and more, you will see that our output is being displayed in a geographic context like this one. This is just where it's going, and we have to be good that.

Stochastic modeling -- as I said, the way to talk about what could happen within 10,000 years is to talk 10,000 times about what could happen next year. And this is exactly the kind of Monte Carlo modeling that AIR does. Here we are simulating hurricanes. But you can do that with earthquakes; you can do that with flooding, with freezing, et cetera, et cetera, et cetera. But that is the very core to what it is we do.

And then lastly, the localization point. So, Xactimate is this wonderful platform. The method is fully put together. So why not just instantly make it happen all around the globe? These are all the things you have to do in order to use Xactimate in Australia. And we know, because we've been doing this work. We are making Xactimate work in Australia and a variety of other countries, but you have to get local data. That's what the pricing research data point there is about.

You have to make sure that all of the nuance of local language, the way things get referred to, is captured in your product; a variety of things that the Australia market at the moment is looking for; and then just ways of running it. So that as we're introducing a product that hasn't been used by folks before, we're agile enough to meet them right where they are. So this is just to give

you the sense that it's not just take it out of the box and give it to a customer somewhere else. It actually takes work. And we have to be good at that kind of work. We have to be efficient at that kind of work in order to get adoption in other locales.

The way that we can get at those five competencies is through doing three things well: one is to make sure that our technology and infrastructure is robust. One is to make sure that our analytic environment is rich. And the third is to make sure that we take advantage of this expanding global footprint that we have, so that it works on behalf of everything that we do.

In other words, a lot of the global footprint has been created for very specific purposes inside of specific parts of what it is we do, and most particularly Wood Mac, which is -- and Steve will make this point again -- but I just want to really emphasize this, because it's actually quite important.

There's a lot of things that go on in the data analytic world which -- you can call it global, but it actually ends up being multi-domestic. And what do I mean by that? In insurance, for example, a German primary P&C insurer really isn't that interested in what were loss costs doing in the United States last month. They are just not that interested. The observation isn't that relevant.

But, say, in the oil and gas space, if you own a hydrocarbon asset in the South China Sea, you are intensely interested in what's going on in North Dakota. Because a hydrocarbon is a hydrocarbon; now, they're different -- some are longer, some are shorter -- but a hydrocarbon is a hydrocarbon. Your hydrocarbon competes with somebody else's. And so you have to understand the global supply curve. And so, by definition, and you are interested in observations from around the world.

That business is inherently global in a way that most data analytic businesses are not. And that's one of the reasons why we were so interested in coming together with Wood Mac.

So I'm going to just talk about those three strategies real quickly. This is just -- think of this as just one little window inside of a big set of things that need to be thought about, with respect to infrastructure. I just picked this one because we get asked about this a lot, which is how do we feel about making use of the cloud? And the answer is, we feel fine about making use of the cloud, with two caveats. One is, you have to take a nuanced view of it. It's not necessarily that everything that we do which requires technical infrastructure should be serviced in the cloud. And that's really what these columns are more or less telling you.

When we think about corporate systems, meaning just the blocking and tackling of running our own Company on a daily basis, we are very open to making use of the cloud. In fact, a number of the things we do are already hosted in the cloud, and moving in that direction is really just kind of a very simple cost-benefit sort of a consideration.

The middle column, which is client-facing delivery systems -- basically that and the right-hand column, which is how do we actually manage our information factory, how do we manage data assets, et cetera -- those definitely can also work in the cloud. And, in fact, some of our solutions are already moving in that direction. But for a company like us, where so much of our data -- you have to realize, by the way, we are almost certainly one of the 50 largest private data sets in the world.

And where do our data come from? Substantially from our customers. Our business system really hinges very strongly on trust. Our customers have to find our solutions compelling. And they also have to feel that we are a very responsible partner, as it relates to what do we do with our data. My feeling is that that the degree to which we make use of the cloud, as it relates to the right-hand two columns is mostly going to be a function of what's comfortable for our customers.

In other words, we will have our own case, and we will have our own view of the efficiency of all of it. And by the way, I think it's pretty certainly the case that Amazon Web Services' ability to keep a data center secure is at least as

good, if not greater, than our own, just simply because of the scale at which they do what they do. So it's not about physical security, but it is about customer preference, basically.

And then you have the issues of our customers want to be able to audit our infrastructure. If our infrastructure is actually somebody else's infrastructure, we have to make sure that we can make our customers comfortable in that way, as well.

So, this is just to say that having one of the 50 largest private data sets in the world, we have to have excellent, excellent infrastructure. And I think we do today, and we will continue to make it even better into the future. But it's not you just take out one, big, broad brush, and you just paint everything with it. In fact, it has to be more nuanced than that.

With respect to the analytic environment, I'm just going to point at four different forms of analytic methods, simply to say that even a Company as analytically intense as ours has opportunities to get better. It's not really that the math is changing. It's more that the computing is changing, and as computing changes you can do larger-scale things, faster; and, therefore, you can do more of them; and, therefore, as you move more into the modeled, predicted world you can just do more of it, basically. That's fundamentally what's going on today.

The warhorses of analytics have basically been classic linear and logistical regression. We do that all day, every day. And that's just kind of like table stakes, basically. Monte Carlo simulations also very relevant, very tried and true, have done a lot of that for a long time. The things of which represent somewhat -- I don't want to say newer horizons, but just more emphasis inside of the mix -- would be more machine-learned methods, which, again, go on today. But that's one of the -- the point I was just making essentially, you could do more, faster. And you're not getting penalized for cost. So it's the computing, it's not the math, that permits machine learning in a way that was difficult from the past.

And then social network analysis. So these hyper-nodal kinds of situations where you have to keep track of what is each node while you also observe on the pattern of the whole.

What we need to do at Verisk, it isn't that these methods are exotic; it's about applying them. And the opportunity we have at Verisk is to make sure that every part of Verisk is as good as they need to be at all of these things, basically. And we have a wonderful Chief Analytics Officer who keeps us leaning into that.

With respect to regionalization, an opportunity that we have that we didn't have 12 months ago, is what you see in the gray there. So today there is a structure, via Wood Mackenzie, which is the management of Asia-Pacific. And inside of that we are already providing some shared services, whether it is the search for talent or it is the stewardship of facilities. And, by the way, we are taking advantage of, in several places, the opportunity to pull together different parts of Verisk into one location.

You can't believe how delighted our Beijing colleagues were when we pulled them all together for a town hall a couple months ago when I was over in Beijing. Absolutely delighted. These very bright, many of them Western-educated people, some of them were in a four-person office with AIR. Some of them were in a 40-person office with Wood Mac. Some of them were in different parts of Verisk. They all come together. The opportunity to share, it was just palpable. It was like a celebration. And that's very, very helpful for us as we try to platform the next part of Verisk in Beijing, et cetera.

We have also got things that we do -- these are in the blue, on top -- that aren't in the region, per se, but then you get these connection points. As I mentioned before, we are actually investing even more in M&A, so we are going to have in-region M&A resources in a way that we haven't before. And then different parts of our product organization will have people in-region. And what we'll do is find the ways to make the matrix work so that they are still facing the product organization, but that they are also very much on mission inside of the region.

And this -- though it may sound a little bit qualitative and conceptual -- is really important for a Company. This is what will allow us to, with greater efficiency and with much more of a deep tie to the people that are leading us in these countries, in these new things that were doing, to really have them tied in to all of Verisk and to feel really secure about our talents, which is kind of everything in a company like ours. Very important.

I said there were three sets of things I wanted to share with you. The first was, what is it that makes us special? The second is, what are the things we have to be good at? Those are the competencies that I was just talking about.

Lastly, just to give you a sense of what it is that we think is really important right now, in 2016, taking the next steps with the Company -- they fall into these five buckets. One is always trying to upgrade the strength of our team. To become yet more intimate with our customers -- as much connectivity as we have, we actually think there is a whole new level that we can get to with them. Robust technical environment, already talked about that, but there are specific things that we can and need to do in 2016.

A fourth is we actually need to make sure that the things that fall between the organizational cracks don't fail to get the amount of attention that they should -- these cross business unit opportunities. So how do we make Wood Mackenzie observations really, really relevant inside of the commercial lines world, inside of the P&C space as it relates to P&C carriers that write energy cover, for example. Making sure that those happen. And the fifth is to make sure that the global platform actually is a platform, and is working on behalf of everything that we do.

Just a couple of observations there. One way of thinking about the team is to think about the technical capabilities of the team. So here you've got a five-year view of -- it's a combination of professional certifications and degree programs. And over the course of those five years, that population inside of our Company didn't quite double.

Now, let me be very quick to add, you don't have to have a PhD to be analytically minded. You don't have to. But looking at some statistics like these I think give you a sense of how much attention we give to who are we are, what's our team, et cetera. And it is, it's a very -- we do have a lot of really capable people inside of our Company.

Here's the map. This map did not look like this 12 months ago, where Verisk was concerned. A fair amount of it was -- a fair number of the cities that you see here came via Wood Mac. But today Verisk is roughly 7,500 people operating across these locations. They key for us is it's not -- we won't distribute our global activity equally across every point. Basically by product set, we are thinking about which geographies deserve the most attention.

So it really is which products are most ready to go global, and which geographies -- or, actually, which cities -- represent the best place to get started. But we just didn't have a picture like this, 12 months ago. We were not really able to think in this way, but we can now. And that's one of the many blessings of being partners with Wood Mac.

Let me just conclude. We get often asked, what do we expect going forward? And we will develop some of these ideas more when Mark comes up and talks more about our financial model, et cetera. But just a couple -- but the place where we start is we actually think the best benchmark for us, is us, actually. We are always interested to look at who we get peered with and what are the, for example, rates of organic revenue growth across the players. We actually have a lot of focus on organic revenue. In fact, we refer to it as the primary mark of our vitality as a company is our organic rate of revenue growth. So we pay a lot of attention to that.

As we think about what's the right to benchmark for Verisk, we start with Verisk. Mark will take you through the numbers in depth, but over the past 10 years, our rate of organic growth has been about 8 percent. The strong signal that I want to send you today is this Company is much stronger than it was five years ago. We are capable of things we just weren't capable of back then.

It's a very encouraging time at Verisk. We had a management (off-site) about a month ago. It was, by far, the best discussion we've ever had: the most in-depth, the greatest clarity of thinking, the most talent. It was really spectacular. We feel that we're even better than we were. And we think that over time, on average, we should be able to do what we've done in the past, at least.

You have also observed -- and again, Mark will go into this more -- but we have expanded EBITDA margins about 450 bps over the course of this time period to, I think, an industry-leading level. And on the one hand, we are going to continue to invest in the business; but on the other hand, there is natural scale in what we do, and we are always looking for ways to run the business more efficiently.

We have the benefit that one of our fundamental factor costs is technology. We are the beneficiaries of Moore's Law as it relates to that part of the cost stack. We're constructive on our margins, going forward. We have a focus on that. And we have expectations into the future.

That's basically what I had for you up front. What we're going to do next in the meeting is, by way of presentation, is to now do a deep dive into Wood Mac.

But before we do that, we have some time here for your questions or comments. So why don't we do that?

Manav Patnaik: Manav from Barclays. It doesn't look like healthcare is going to be addressed at the end, so I thought I'd just ask it now. And in the context of those five circles of competencies that you put up --.

Scott Stephenson: Right.

Manav Patnaik: The question is around, what came first? Did those five evolve over time, and therefore healthcare didn't fit? Just what the timing around that was. And somewhat related, it clearly sounds like healthcare is not a fit. So it was a little

surprising to see in the rest of the deck, too, that there wasn't any sort of ex-healthcare number as the targets in growth, so just may be some perspective there.

Scott Stephenson: Yes. The thought process has been going on for a long time, and maybe I'll just take a minute on it. I'll go all the way back to the beginning. We first got involved in healthcare in 2003. And the theory of the case was that there is the Verisk playbook; we know what good looks like. Here's another vertical market. One of the things that we thought was kind of an advantage we had in trying to get started, from literally zero, was that something on the order of 20 percent -- 15 percent to 20 percent -- of the P&C industry is the work comp line. Plus you have bodily injury claims associated with, say, the auto line.

If you look at work comp, for example, over half of that is the medical cost component, so we actually have data. So we said, well, we have these observations on the P&C side. Maybe we can port those over into the formal healthcare side. That was really the theory of the case. And we looked at a market space that really had not been transformed by data analytics, that had a lot of players -- meaning the payers -- who look a lot like our traditional customers in the P&C world. For all of those reasons, we said, let's get involved; let's dive in.

And, basically, I would say from 2003 to about 2009 or 2010, we kind of were chinning our way up a little bit. There was a -- then what happened was we added some assets, and over the course of four years our revenues grew by a factor of 5. Even as that's going on, we're always asking questions of -- and no doubt, we were creating value for shareholders. But we've always had that list of four distinctives in mind. From 2003 to 2011, the knee in the curve, and all the way up to 2015, we were always seeking those four distinctives.

And essentially what has happened, since we started up until this moment, is that industry structure has changed somewhat. And the change has been, over that period of time, the government has become a more active player in terms of paying for healthcare. We are all aware of that -- the Reform Act, et cetera. That and a lot of other things have led to a changing environment in which our

customers are becoming more concentrated. And that's the thing that we have really paused on. And we've said, OK, well, what does that really mean for us? The fact that there is concentration going on.

In the near-term, maybe even the intermediate-term, I don't know that it has that much impact on the business. But we always want to ask the question, are we moving closer to those four distinctives or not? And I would say for the last couple of years, while we have run the business with considerable efficiency and effectiveness -- and I think we've done a very good job of meeting our customers' needs -- it's just become more the case and seemingly more likely the case, going forward, that the degree to which we could get those four distinctives working for us inside of healthcare was what we had to think hard about.

And then the other piece was those competencies have always been there. I don't think we've talked with you as much about the competencies, but those have always been there. We are always internally looking for -- we're building this over here; is it working to the advantage of everything else we're doing? And things like large-scale data integration, so you did see that as a solid circle on that chart. That has always been there. But some of these other things that we work on, that we always work on, they just haven't been as powerful in terms of making our healthcare business successful.

So that's been a long-term thought process. That's what I'm really trying to emphasize here.

Toni Kaplan: Toni Kaplan from Morgan Stanley. So Wood Mac has been around for over 40 years. I'm just wondering why there hasn't been the large-scale integration of data in the energy industry. Was it matter of underinvestment? Or was it some inherent reason that there was a perceived lack of value there, or what the reason would be?

Scott Stephenson: Yes. And I think we're going to get our team up here in just a moment, so please do reference that question and make sure you speak to it. My own view of that is that I think it's been -- it's not that it isn't useful; it's more that it hasn't been necessary. It's a little bit, actually, oddly enough the same

argument that you could sort of make about healthcare, which is healthcare is more heuristic. It's more rules-driven. It's more expert-driven probably than it should be. But it all holds together and practitioners, by degrees, haven't really felt the need to change. And so, that would be my short answer. But can it be useful? Absolutely. And the team will talk about that.

David Togut: David Togut, Evercore ISI. Once you deliver to 2.5 times, what verticals will be in focus in terms of M&A, particularly as you go more globally than you have in the past?

Scott Stephenson: All of them. All of them. No, really. I mean, seriously, we believe that our methods work elsewhere. And what we have to do is to be very effective at being local. So we are scouring for any assets which relate to what it is that we do that can feed off of our intellectual property, et cetera -- so, property and casualty on a global basis. And one of the things that is helpful in property and casualty is you have these global companies already, the global reinsurers, that's a little bit of connective tissue for us.

Wood Mac, already global. The footprint that Wood Mac represents, which hopefully you'll hear when the team gets up and talks about it, is actually much broader than just oil and gas. There's a lot of opportunity there. And then as it relates to banking analytics and then the media effectiveness that grows out of that: on the banking analytics side, we actually don't need to acquire anything to grow that. It really is our method. The value is evident. And so it's just getting enough of the industry aligned with the method, and then all of a sudden it kicks in. And we've done that well in the English-speaking countries so far, and now we're trying to do that in the non-English-speaking countries.

But media effectiveness extensions, I think those will be relevant in the United States and around the globe.

David Togut: Just shifting gears for a minute to margins, you've started to talk about margins a little differently. Historically, you've used the target of 45 percent to

47 percent on EBITDA. Today, you talked about your high 40s and how much you'd expanded margins, and balancing scale and reinvestment.

Scott Stephenson: Right.

David Togut: How should we think about margins long-term from here? And how do you turn the dials on reinvestment versus allowing the natural operating leverage of the business to shine through?

Scott Stephenson: Well, so first of all, when I'm commenting on margins, I'm really commenting on the business that we've got today. Think of it as an organic view of margins. Because it's very difficult; we will remain in the M&A posture, leaning in. It's very difficult to find businesses that have our margins, as I'm sure you know.

To the extent that we're doing a large-ish amount of M&A, you would have to assume, out of the box, that it probably pulls a little bit in the other direction. So I just wanted to note that these comments that we have made about margins are more in the context of organic.

And as I said, our incremental margins are better than our average margins. We are seeking to run the business very efficiently. We are investment-minded, at the same time. But to get something started in our world is millions -- not usually tens of millions, or many tens of millions of dollars. So we can pursue innovation, we believe, and still have these industry-leading sorts of margins. At the margin, we don't think we are done in terms of running the business efficiently, and it's something that we care about.

Jeff Meuler: Meuler from Baird. Anything else you can say about industry structure that you are looking for, or how you think about the verticals that you are in fitting together? Or is it really about what businesses grow up to align with Verisk distinctives and leverage the core competencies? Like, why financial services, P&C insurance, energy fitting together? Thank you.

Scott Stephenson: Yes. First of all, if you take P&C, if you take financial services and its extensions, if you take resource businesses with an oil and gas kind of a focus

today, they all line up beautifully with those distinctives. These are Verisk businesses. This is what we aspire to be at Verisk. That's the first statement. The competencies link is actually quite strong. One of the reasons why we are ahead on the integration with Wood Mackenzie is because what Wood Mackenzie needs to do to get to the next level, and what the rest of Verisk needs to do to get to the next level, are the same things. We can actually improve our Company along the lines of those five competencies. And it will work to the benefit of everything that it is that we do.

The thing about -- one of the things that may not be as apparent with respect to the role of Argus and the banking-derived analytics that we do is on the first of those five competencies, which is large-scale data integration. And if Nana was here, he could talk about it all morning. But here's something to keep in mind when you think about that part of what it is that we do.

If you take some of the data sets that we are most proud of in the insurance space -- I'll pick one, which is our ClaimSearch database. This is the data set that we use to diligence claims on a claim-by-claim, semi-real-time basis, in order to give signals back to our customers about this one's fine; this one's fine; don't pay that one, because that one doesn't look right. And there's a lot of very sophisticated algorithmic matching which is going on. The data set that that analytic feeds on is about 1 billion claims. In the P&C world, you are adding about 70 million claims a year, mas o menos -- 70 million claims a year.

The Argus method is based upon aggregating 5 billion transactions a month. There's just a difference in scale. There's a substantial difference in scale. And basically Argus methods really actually are the best large-scale data integration methods that we've got in the entire Company. That and the fact that you can make an observation about a consumer of insurance products and somebody who's making use of consumer credit products; and the ability to link those to see -- do you get a signal on somebody's about to become a bad insurance risk because of what's happening with respect to the use of their credit card instrument? Or the other way around: can you observe that

something is softening on the insurance side, and is that a leading indicator that they as a credit are about to go bad?

And that's the kind of work that we are now doing across the two. So we think that the links are very strong. That is the logic of what we're doing. And that's the logic of what we're doing with our capital.

Manav Patnaik: Just to follow up on the M&A, you mentioned you look at all the existing verticals. But over the years you've obviously added these verticals (to us). So, just in the context of -- with those competencies, in your line of sight, are there many more of these new verticals we should be expecting?

Scott Stephenson: Well, we will always be open to where does our model apply, so we will always be open to that. But I would also say that the places where we are right now, we feel like there's a lot of addressable market. There's a long distance to go. And that would include also looking at other vendors who are around what it is we do.

I would make a distinction. I think that with respect to the P&C world in the United States, we do a lot of what's out there today. So my own focus, where M&A is concerned in P&C, actually tends to have more of a global flavor to it. That's not to say there isn't anything we could do in the US. But the other things that we do I think that there is a rich mix of things domestically and globally that we can look at.

Unidentified Audience Member: Hi. Just wanted to go back to -- you mentioned a few times getting customer intimacy, and you mentioned a moderate level of services. I wasn't clear. So, are you communicating that we should expect more services as a component of the mix going forward?

Scott Stephenson: No. No. But what actually the -- what I was trying to communicate was that there is one part of our business, which is Wood Mackenzie, which in the current environment -- because the extreme quality of the conditions in the oil and gas space -- the core of the business, which is the subscription-oriented business, has done, I think, very well. It's very encouraging, actually.

What our customers have found that they could treat as discretionary in the short run is a degree of the services. As we think about Wood Mackenzie, the word moderate is intended to say, it probably recently has been more of the mix than it should be, that we would like to be able to so rock-steady in our performance. And one of the things that will help us to do that would be if we actually, as a percentage of the mix, if the services come down inside of the Wood Mac mix of revenue. So that's what moderate was really meant to say.

But I did add a point, which is there are actually some parts of Verisk where I don't think we do enough to relate to our customers deeply. So there could be a counterpoint in some of the other things that we do. But on average, I think you're going to find that Verisk is as subscription-driven, as recurrent-revenue driven, as we've ever been. Or even more; we would like to see it go in that direction.

Unidentified Audience Member: And just secondly, you mentioned spending more time than ever on M&A. Does it change anything about how you think about leverage in the business? Or does that inherently -- if not, does that mean less buyback than in the past? Just the mix between those two.

Scott Stephenson: Over long periods of time, we've been a 50-50 mix of buyback and M&A. Obviously we ballooned out in one direction when we did Wood Mackenzie. But prior to that, actually, we were a little bit more on the buyback side of the register. Over periods of time, we think it's a good discipline to engage in buybacks. The program of acquisition has created a lot of value. Eva is going to take you through that in some depth, and we tend to grade ourselves on a pretty hard curve. I think it's just pretty obvious that it's created a lot of value. We're going to continue to lean into that program.

Specific to your question about leverage, no; we put out 2.5 times. We're not going to blindside our bondholders by moving to a different rating. And I think, given the cash generation of our business, it's actually -- it all holds together. It's very comfortable to deliver. We're on the M&A trail. We announced $300 million of authorization, and it all fits inside of our model.

Unidentified Audience Member: You had mentioned, when speaking about healthcare, one of the reasons it became less attractive was because of the customer concentration. Aren't you seeing the same thing in the energy and resources vertical that you are now targeting?

Scott Stephenson: No, not really. And when you see the description of the customer set, just bear your question in mind. One of the things you're going to see is that there are a lot of different segments which are served by Wood Mackenzie. You may have it in mind -- and this is one of the reasons why we wanted to have this session with you -- you may have it in mind that Wood Mackenzie equals BP; Wood Mackenzie equals ExxonMobil. When you look at the list of customers as they are stacked up, you're going to see a lot of national oil companies; you're going to see a lot of financial organizations.

In fact, financial institutions are the number-two largest segment inside of what Wood Mackenzie does. So it's a very heterogeneous set of customers. So, no. And in fact, concentration at Wood Mackenzie is going in the other directions. Concentration is not high, and it's actually going down with time.

Andrew Jeffrey: Thanks, Scott. Andrew Jeffrey with SunTrust. You mentioned media effectiveness as being a particularly nice growth vehicle, and it has been within your financial services business.

Scott Stephenson: Right.

Andrew Jeffrey: Are there other types of businesses like that that can grow organically at Verisk, based on the assets you have today? Or is that a one-off kind of case?

Scott Stephenson: No, I think there are other categories which face large markets and are potentially very opportune. That is one that we have called out a little bit more, partly because of the excitement, but also partly because of the way that the revenues in that particular business grow, which is a little bit more lumpy. What's happening in that world right now is name brand -- new media companies will just get very interested in the method at a moment in time. And then of a sudden, you have this big project thing that happens, and then it

settles in and it sustains with time. Because that's going on, we had felt the need to comment on that one.

But there are several things. Just thinking about the insurance space, for example, when I talk about multi-tier, multi-spectral imaging, I just think there are a whole set of use cases there that haven't even really happened yet today. The addressable market is I think quite large for things like trying to change the way the underwriting process works, as an example.

I would also say that one of our methods that I think is most -- is closest to being able to be relevant globally is the way we take an engineering view of a commercial building, and then turn that into data which an insurance company can make use of. We are very interested to try to make that happen in other parts of the world. Not making a prediction about when they hit, or what the profile might look like, but if those use cases are made to happen, they would be substantial greenfield revenue streams for us.

Joe Foresi, Cantor Fitzgerald - Analyst: Joe Foresi from Cantor. I was wondering if you could talk about how you think about the shifting end markets within the acquisitions that you do. Because we had the mortgage business and then we divested. We had the healthcare; now we're getting rid of it. Wood Mac is off to a little bit of a slow start. So as you look into these new shots on goal, how do you think about the end markets, and have you done your due diligence any differently?

Scott Stephenson: We have not done our due diligence any differently. And we're sticking very close to the distinctives, as I recited them, and to the competencies. Each of those is a situation unto itself. I guess the correspondence that I would draw between mortgage and -- and your characterization was not right in terms of healthcare; we are considering all of our options. You sort of ran to a conclusion. But we are considering our options.

But what is true, or what was true about mortgage, and is true about healthcare that causes us to look at it is just taking account of the environment, basically. We take very seriously stewarding capital for our shareholders. That is

something we talk about all the time. When you are in, say, the mortgage market and you get the sort of historic shift, like once-in-a-century shift in the structure of the industry, we feel the need to remain very focused on and alert to that, basically.

And disposing of things is not something that we do lightly. If I went back to the Verisk formula, you always want capital returning from the second wheel as you just become perpetually a larger company. We want compounding of the compounding, and so we don't take disposals lightly at all. And healthcare is actually a good business. I just want to say that again. It is a good business. It is distinctive inside of the healthcare data analytics world. We're proud of it. But we are just thinking long-term, basically. And we are very much inside of the framework of the distinctives and the competencies.

We were on the healthcare march for more than a decade. I think it was a very reasonable thesis. And here we are, and the industry has evolved the way it is. And we're not going to just sit back and fold our arms and say, well, that's that. That's why we've entered into this thought process.

Wood Mackenzie, on the other hand -- I continue to believe that over intermediate and long periods of time, Wood Mackenzie will grow faster than the rest of Verisk. It's a very unusual moment in the oil and gas space. We will talk about that. But it is the four Verisk distinctives, and it feeds very strongly on the five competencies. And it is global in a way that the rest of Verisk has to work harder to be global; and, therefore, Wood Mackenzie supports us in our global ambitions. It fits beautifully, and I -- again, we are in a much stronger company then we were five years ago. We are much stronger company than we were two years ago, and Wood Mackenzie adds to that strength.

David Chu: David Chu from BofA Merrill Lynch. Can you discuss your thoughts on organic growth by segment or vertical?

Scott Stephenson: By segment or vertical? Well, I just made my comment about Wood Mac, which is not really actually one vertical. It's actually several verticals. But those sorts of resource businesses, given where Wood Mackenzie sits with the

customers, you are going to hear Steve talk about the fact that Wood Mackenzie's solutions are undersold, which we believe strongly. It's a 900-entity customer list today. It should probably be -- what, Steve? 3,000? More than that? He will talk to that. So, we feel very good about that.

P&C is -- our growth there is basically an innovation story, and the same is true on the Argus banking/media effectiveness side. And Eva will talk about the addressable markets. Relative to the spaces that we're in, there is plenty of addressable market for all of them.

Yes, Andrew?

Andrew Steinerman: It's Andrew Steinerman, JPMorgan. Your 10-year slide, you have 8 percent growth, reminds me of last recession where you also grew high-single-digits through the recession. Is there anything about your business that was so strong during the past recession, during the next recession, besides for noting what high percentage of subscription revenues? In other words, I'm saying, whenever the next recession comes, do you expect to fare well?

Scott Stephenson: I do, yes. Most of what we do is not really tied to the economic cycle. Obviously there is a cycle that can exist in commodity markets, and Wood Mackenzie is related to commodity markets. But you should not think of that as what is the slope of the curve on the oil price or the rate of CapEx spending at any given moment. This is not hedge funds trying to get it right in a week-measured kind of a window.

What you are going to see from Wood Mackenzie is that it is very like the rest of Verisk, in the sense that all we need is for the customers to be OK. Most P&C insurance companies do not make high rates of return on invested capital, on equity. They are what they are. And in that environment, we've been able to do very well. The same is absolutely true or Wood Mackenzie. We just need to be in a situation where our customers -- our IOC customers don't need to borrow money to pay their dividends, basically. They have been firing thousands and thousands of people.

But even in just OK times, Wood Mackenzie will do just fine. But the rest of it is not tied to the economic cycle, is really my point. And in fact, in some ways, when things get tough that it's even a little bit better for us.

Yes, Bill?

Bill Warmington: Thanks, Scott. Bill Warmington from Wells Fargo Securities. I had a question for you on Verisk telematics data exchange. You've had some successes there in terms of signing up General Motors. You are scheduled to go live in mid-2016.

Scott Stephenson: Right.

Bill Warmington: And my question is maybe you could talk a little bit about what the opportunity would be for usage-based insurance programs, strategically for Verisk, and also maybe put some dollars in terms of the opportunity for us.

Scott Stephenson: It's an initiative about which we are very excited. We track it very closely. I sit down with the project leads all the time to talk about it. Everything is on track. And basically our view of the opportunity is it's kind of a two-step opportunity. So the first one is we would, as much as possible, like to run the table with OEMs that do business in the United States, to get others into the mechanism. And there is a lot of discussion right now with the other OEMs that are selling in the United States for connected cars, now or in the future, to have their data in the exchange.

And as you would imagine, there is the corresponding market development that's going on right now with the insurance companies saying, here's the asset; here's the analytic on top of the asset, et cetera. If you take a single OEM in a single economy, that opportunity is in the -- let's say the mid-single-digit millions, kind of like that. Factor that, then, by all the OEMs.

And then the second phase of the thing would be to hopefully travel with the same OEMs into other economies, other economies that they serve. And the rate at which the connected car will become meaningful in Europe or Asia

may be different than in the United States. It may not. But that's really the way we see it. So try to run the table domestically, and then essentially travel with our OEM partners to the other markets that they serve.

Bill Warmington: Thanks a lot, yes.

Scott Stephenson: I think we -- do we have? Sorry. Last question?

Unidentified Audience Member: Just a question on the organic growth number again.

Scott Stephenson: Yes.

Unidentified Audience Member: On the last slide you talked about 8 percent.

Scott Stephenson: Yes.

Unidentified Audience Member: And you said you should be able to do something in line with historical, which I take to be 8 percent.

Scott Stephenson: Yes.

Unidentified Audience Member: But in the last 3 1/2 years, you have grown north of 8 percent organically, and I think you just said that Wood Mac should be accretive to growth. So is that a recognition that healthcare is not part of the business, going forward? Or is it a law of large numbers?

Scott Stephenson: It's more sort of an on-average, over time statement, really is what I was trying to -- so I was referencing a long period of time in terms of the historical performance; and equally referencing on-average, over time, in looking forward. That's really -- it's just that level of characterization.

OK. Well, thanks. We'll have another opportunity at the end of the day. We will be able to have more conversations. So thanks very much.

And up next after the break -- we're taking a break now? -- will be Steve.

(break)

Eva Huston: All right. Well, we are, in typical fashion, running a little bit behind already. Thank you for all your good questions. But right now, we're going to kick off and dig into Wood Mackenzie, as promised.

And we are lucky to have here with us today Steve Halliday, the CEO of Wood Mackenzie. I'm going to turn it over him to give a little overview, and we will spend a good amount of time. Thank you.

Steve Halliday: Well, I just thought we'd get the tone going with my New Jersey accent, so I'll go at a nice pace so you can follow me. And so I'm going to spend 10 minutes just introducing Wood Mackenzie. And then my good friend Mark McCafferty will come on and give you an overview of oil and gas; although, as Scott said, that's just one aspect of what Wood Mackenzie does. And then I will return to talk about the overview of Wood Mac and the opportunity we see in front of us.

Anyway, it's a pleasure to be here. And as ever, talking about Wood Mackenzie is something anybody at Wood Mac enjoys. So, one of the key things I want you to understand is that Wood Mackenzie is part of the industries we serve. We are part of the infrastructure. We're -- a lot of us have an industry heritage. My first job leaving university was to walk through puddles of crude oil at Grangemouth Refinery. We are part of this. My background is ex-BP, (effects) TOTAL; Mark's is Scottish Enterprise, focused on oil.

And the name of all of our analysis is to add value to the debate. Or as one of the -- somebody said to me, we make news. We don't report news; we make news through our analysis. And there's a core connection between everybody at Wood Mackenzie is that we speak to make a difference with the analysis we do and the advice we provide. So we thought to capture that overview with a mission statement, which is up on the screen. And this was refreshed this year.

And we spent a lot of time on this, which is we enrich lives by empowering people with unique insight on the world's natural resources. That seems quite a grand claim. Now, of course, a lot of the work we do goes on unseen, because it's the clients using our analysis 24/7. And you've seen some of the demonstrations outside with Alan and Tim. And actually when it comes to advice, we're not able to talk about a lot of the work we do. But what when we can do is comment on the work we do for national oil companies and governments.

And in recent times, I'll give you examples of that. We've been working for the President of Ecuador and his team on designing new fiscal terms for metals and mining in that country. We are working with the government of Ireland as they redesign their fiscal terms to encourage oil and gas investment. And we worked over the last 10 years with the government of Newfoundland as they've designed their fiscal terms to attract companies into their world. So we really mean it when we say we seek to make a difference to the companies, the governments, and the individuals in those countries that we cover.

So, Wood Mac's history -- now, actually, Wood Mac was established in 1923 as a Scottish stockbroker by (John Wood and Lionel Mackenzie), who was the son of the (Count de Seralargo), but we don't have time to go into that.

Now, the modern history of Wood Mac really began in the 1960s when the brokering business realized that to differentiate their analysis, it needed to focus on the quality of research. And that DNA around quality, relationships, and trust has carried forward to this day. What you now know as Wood Mackenzie began in 1973 with analysis which grew out of the advent of the North Sea oil and gas industry.

And it was the sell-side analysts gathering all of that data -- and actually, this was of interest over and above their role, which was their shareholder recommendations. And this was put together into what became known as business publications.

Now, from those early beginnings, the business actually evolved naturally in a couple of ways. And what we're showing on this slide today is what I like to call, we followed the molecules. But we didn't just follow the molecules; we followed the clients, because a lot of the clients that we had in 1973 are still clients today.

So, from a content perspective, when you look at the liquids stream, we've gone from upstream oil into refining and oil products, and ultimately into NGLs and chemicals. When I look at gas, gas has taken us naturally into energy markets and into power, and that took us into the gas-versus-coal debate in the US around 10 years ago. And that moving to coal then took us into mining and metals.

So the key thing to say here is this is one highly linked, highly diversified set of value chains. And in our perspective, if you are going to produce the world's best analysis of gas, you've got to know all of these areas.

I'm going to talk about the clients. Again, the old-fashioned way of growing a business is to talk to a client, engage with them, and understand their needs. And that's exactly what we've done. So we followed them through as we've grown the business over time.

Now, actually, when you look at the joining together of Verisk and Wood Mackenzie, what I said to the Wood Mackenzie staff when we first announced the deal and Scott came to see us, was the challenge for them was to spot the differences between Verisk and Wood Mackenzie, not the similarities. And I can listen to Scott, as I did this morning, or Eva later on, and I can say that actually a whole number of the metrics just applied just as equally to Verisk as they do to Wood Mac.

And we actually met four years ago, and we didn't get together at that point. But what we did say -- and I consistently said to investment bankers as I traveled over the ensuing four years -- I said, if you want to find a company that Wood Mackenzie is most like, it's Verisk. And I said that in London, I

said that in New York, and I consistently said that. I didn't know we were going to get together, and that's just actually the way it's worked out.

So Wood Mackenzie is a Verisk-style business. And they absolutely -- I'll go through them and I'll talk about the distinctives as they relate to Wood Mac, but please don't underestimate the matching of the values. When Scott went through the Verisk Way with me last October, I can honestly say that the adoption of the Verisk Way has been seamless and extremely easy. Because the matching of that description of how a company should behave, and how it should run, is Wood Mackenzie. That's why we're off to such a fast start. We're focusing on the customers. And we are being -- there's a minimum of distraction from the getting together of the companies.

And just from the point of view of the distinctives, absolutely -- and Mark will follow this through -- unique data asset. Somebody asked me just before we came in: does Wood Mackenzie have information that is specific to Wood Mac? The answer is definitively yes. Deep domain expertise -- I do joke, I wasn't sure whether to use this -- but Mark bathes in oil every morning because he loves the business so much.

Wood Mackenzie people love the subjects they cover. They are passionate about them. And that's the key thing for anybody coming into a company like Wood Mac: do you love the subject? If you love the subject, then you come, and you'll have a great career.

First-mover advantage; well, at times and when we look at total addressable markets, I always think it underestimates the true potential. Because we are, to use the Verisk phrase, we are reimagining the space all the time. Look at the US: 10 years ago, you had the Russian LNG was going to be imported and the US. Now it's going out from the US to other parts of the world. That's a dramatic change over a 10-year period, and I'll talk about the dynamism of the markets we cover in a moment.

And embedded in customer workflows: I'm going to show you the usage track for Wood Mackenzie's research as we've reinvested. People are

using Wood Mac every minute of every day to actually do what they need to do in their work.

And specific attributes: growth is in Wood Mac's DNA. And that's come about from being extremely close to our clients, from consistently investing in existing products and in new products. And we will talk about this. We will talk about the business model for Wood Mac, which has remained the same since 1988; of this blend of subscription and services combined with services. And we will talk about how that business model works in our world.

So, what are those key messages that we're going to cover today? First of all, the long history of Wood Mackenzie; and the two words I want to pick out in there are quality and trust. Again, you used trust earlier, Scott. Trust is absolutely at the heart of the Wood Mackenzie business model and the quality of what we do. And I will cover the scale of Wood Mackenzie's information base. But quality is the key thing that we are focusing on every day.

Now, these sectors we cover -- and they are all huge in their own right -- are perfectly suited for data analytics. And, actually, I was interested in the white space around data. Well, we do have a lot of data, and actually that's where we think the combination of the two businesses is extremely powerful. There's more for us to do. But diversification matters. I think as was said earlier, and when people think about Wood Mac, they think about oil and gas and producers. Well, we're going to take you through the diversification of the client base to show you how it's evolving over time, and where we believe we can take it.

And it's a strange thing to say, isn't it? Given we've grown over time, as we are extremely undermarketed and undersold. John Linwood, who's the new CTO of Wood Mackenzie, likes to refer to Wood Mac as having a cloak of online invisibility -- a little bit like Harry Potter, but that's my last mention of him. And, therefore, as we unveil Wood Mac, we believe there's so much more for us to do.

And as part of that -- and I'm going to determine this for you later -- we have multiple avenues for growth. We have simply relied on a relationship sales model. We think in the modern environment, there's so many more ways for us to interact with our clients.

And finally -- and, again, I will give my own take on the six hexagon slides -- but absolutely passionate about the fact that Verisk and Wood Mackenzie are stronger together, from both a people and from a customer perspective.

So with that, I'm going to ask Mark, who has been at Wood Mac for around 15 years, to take us through the oil and gas business.

Mark McCafferty: Thank you, Steve. I can confirm that bathing in oil every day is great for the complexion. Good morning, ladies and gentlemen. I'm delighted to be here with you this morning. My task today is to tell you about the key aspects of the oil and gas industry and tell you how it all works. I think it's the most dynamic and fascinating industry in the planet, so hopefully I can convey some of that to you this morning. My understanding is that the assembled room here doesn't have a background in oil and gas, so I do hope you find the presentation interesting.

The oil and gas industry is one of our most vital industries. Might seem like a bit of an obvious statement to some of you in the room, but I just wanted to highlight that this is an industry that really does underpin the way that we live today. Providing energy to heat our homes, and having stepped in front on chilly New York morning -- and I know it gets a lot colder than this -- and it's hard to imagine how we live without that alone. And crude oil derivatives are a part of our everyday lives, from the fuel in the cars we drive to the plastic in our water bottles to the fibers in our clothing.

And because it is such a vital industry, demand for oil and gas will continue to grow. This chart shows the expected growth in energy demand in five-year increments from the period 2015 to 2035. And the red dots show the CAGR growth in that time. I'm going to focus on oil and gas, but of course we do cover all these fuels at Wood Mackenzie. So for oil, you can see growth of

just under 1 percent per annum in demand. This might sound like a fairly low number in percentage terms, but it actually equates additional demand for around 1 million barrels a day each year, which is a lot.

Gas, which is a cleaner fuel, the growth is even faster: around 2 percent per annum. And where is this demand coming from? Well, actually, the demand in the developed world is actually near or at peak already, so the demand is coming from the non-OECD countries. Growth in China has slowed of late, but it will still play a really important role in the energy demand picture, going forward.

And it's worth pausing on renewables just briefly, often mentioned as an alternative to hydrocarbon fuels. And you can see that growth in renewables is fast, and it will play an increasingly important role. But it's from quite a small base. So it's clear that oil and gas will still be required in this period, and in ever greater volumes.

So, where are the oil and gas reserves around the world? In short, everywhere. We're tracking oil and gas activity in 148 countries around the world. Green is oil; red is gas; and the size of the bubble denotes the size of the remaining reserves. You can see that a few countries really stand out as having enormous reserves, and we'll come to them on the next slide.

But reserves are actually quite complex to calculate. Our numbers are built up from over 30,000 fields in our database, and our estimates for each and every one. The reserves are only ever a calculation of how much you can recover at a given point in time. And that's a function of how much you're willing to invest, the technology you're using, and the expertise at your disposal.

In a typical, conventional, or normal oilfield development, we will actually only recover around 30 percent to 40 percent of what's in the ground. Those odds are constantly evolving. And if we take the US as an example here, the remaining reserves in the US have actually almost doubled in the last decade. And that's despite there being 10 years of production over that period. And we'll come back to that.

So, there's a closer look of the top reserve holders around the world. As you can see, oil and gas is found in some pretty interesting places around the world. I've been lucky enough to visit some of these and other such places during my career. It's not always easy to get data and information in these parts of the world. And doing business in these parts of the world can be challenging at times, but it certainly keeps it interesting, and it's something that the analysts that work at Wood Mackenzie are passionate about. They are passionate about all the different countries around the world that we cover.

And what about OPEC, the Organization of Petroleum Exporting Countries? You'll have heard about this group of countries, and the members are listed just below the pie chart there. You've heard about the influence they've got over oil markets. Why do they have such an influence? The simple answer is that they control a large chunk of the remaining reserves.

I mentioned that the reserves are constantly evolving. One of the reasons for this is that we are producing reserves every day around the world. But, of course, we are also discovering more reserves every day as well. And the chart on the right here just shows you some of the hot spots where we are discovering these reserves. And two I would call out are offshore Brazil and East Africa. The big orange columns you see there is a super-giant gas field in Turkmenistan.

Other trends I wanted to highlight in terms of new discoveries that we are discovering more gas, and the biggest discoveries are being made in deeper and deeper water, which brings its own challenges.

So (we've been) through the countries, but who are the key players in the industry? While there are a whole host of different types of companies who own and operate oil and gas assets around the world, we are tracking around 4,000 companies in our database who have participation in oil and gas assets. And the chart shows the biggest corporate holders of reserves. It shows the NOCs, which are national oil companies, and they are denoted with an N on

those bars there; and the IOCs, the international oil companies. And the biggest of these, we refer to as the majors.

Let's start with them. These are the names you know. The ExxonMobils, the Chevrons, the Shells, and the BPs. They actually often collaborate in oil and gas projects together to share the risk. But make no mistake: it's an extremely competitive industry. And to the NOCs, they are state-owned companies, and these are the companies governed by the countries that we saw on the previous slides. They aren't just commercial entities, but they are driven by the needs of the state and the political motives of the state. So sometimes the decision-making can seem at odds with commercial rationale.

The colors on the chart denote the different regions that these companies operate in. And you can see that the majors have very geographical diverse portfolios, whereas the NOCs tend to stick to home turf. There are some exceptions with the NOCs. We have seen a trend of some NOCs starting to invest elsewhere around the world; normally, those who aren't blessed with sufficient reserves at home. A good example on the chart is CNPC of China, who, driven by security of supply needs at home, have invested in oil and gas projects around the world.

And beyond these big players, as I mentioned, there's thousands of smaller guys. And some of them aren't that small, of course. There's large caps, mid-caps, the small caps. Some are focused on just one region, some focused on just one country; some focused just on the exploration side of the business, some on exploration through to production. The market is quite fluid, and the activity is typically quite high.

And beyond those owning and participating in the ownership is the supply chain, which is vast: tens of thousands of companies around the world. And the group of stakeholders expands further still, when you consider the governments, the energy ministries, professional services, and financial institutions. At Wood Mackenzie, we work with all these different types of stakeholders, all these different types of companies. I think Scott mentioned earlier, financial institutions are among our biggest users.

And, of course, governments are also key players in the industry. Often closely married with their NOCs, their priority is managing the resources on behalf of their people. And some governments do this very well. Norway is a good example. Norway discovered oil in the 1960s, and at that point set up an oil fund to provide for future generations. This is now the largest sovereign wealth fund in the world, holding over 1 percent of global equity markets. Other countries, not so well.

I was in Nigeria earlier this year hosting a client event. Despite being in a modern, international hotel, we are still experiencing power cuts every couple of hours. And that's the norm in Nigeria, despite being a major oil exporter for decades.

The chart shows the government share of oil and gas revenues for our biggest oil-producing countries. Some countries are quite reliant on these oil and gas revenues, and Saudi Arabia and Russia are two good examples of oil economies. As you can see, the revenues taken by the state can be quite volatile, depending on the oil price. And you can see the oil price shown as the bars on that chart. Indeed, had I extended that chart to 2015, you'd see the revenues would have fallen further still. And there's no doubt that countries such as Saudi Arabia are feeling some pain just now, in this current environment.

It's hard to underestimate the importance of oil and gas to governments around the world. Whether you are reliant on the export revenues or reliant on the oil and gas imports for your energy needs, it has long been a driver for domestic and foreign policy. It has led to border disputes and even conflicts over the years.

As I know you are all aware, we are in the midst of an oil price cycle just now. Steve tells me it's his seventh such cycle. I haven't seen quite as many as that, but Steve is a little bit older than I am. And I thought it worth spending just a few moments to consider what actually sets the price of oil. And just like any other global commodity, it's driven by market forces, supply and demand

being key. But there are a number of other key factors that are unique to oil and gas and set the price: they're the cost of supply, speculation, geo-politics, conflicts, OPEC actions.

The chart on the right shows the Brent price, Brent being one of our marker crudes. And here in the US, you'll hear WTI referred to as well, which is West Texas Intermediate. What's the difference between these? They are just different blends of crude which have slightly different properties, like oil quality, sulfur content, et cetera. And as you can see from this chart, global events do have an effect on oil price, as these will typically restrict supply or threaten to restrict supply, which pushes prices up. Or they will dampen demand or threaten to dampen demand, which pushes prices down. You'll see we have OPEC market share as a driver for the current oil price cycle. And that's something I'll come back to.

So, how does the industry actually work? Well, here, we have the oil and gas value chain, which very succinctly sums it up. And I'll dive into each part of the value chain in turn.

The part of the industry which involves finding and extracting the oil and gas is the upstream part of the industry. This is the part of the industry I cover in my day job. And as you can see, it also accounts for the largest chunk of value as well, so we will give that quite a lot of focus. The midstream part of the industry involves the transportation of oil and gas. And the downstream part of the value chain involves refining the crude oil into end products, and marketing this to retail and wholesale markets. By the way, driving all this is the global market for petroleum products.

So we'll start with exploration, but there's an important component before you can even start exploring for oil and gas, and that's obtaining a license to explore for oil and gas. So as you've seen, oil and gas often found in some pretty interesting places around the world. Actually getting access to explore or participate in these projects isn't always easy. There are different ways to go about it, but most commonly you will participate in a licensing round.

This is a process where the host government makes a number of oil and gas blocks available, and the companies bid against each other in a closed bid and to win the most attractive oil and gas blocks. And they bid on elements like fiscal terms and the work program; work program being things like the number of wells you plan to drill, and the investment you plan to put in.

Just on that fiscal side, the tax terms you operate under will normally be decided at this early stage, and they do vary massively depending where in the world you are. And this is illustrated by the chart you see on the right-hand side. This shows the percentage of oil and gas revenues retained by the state in different countries around the world. If you are a country that doesn't have any existing reserves and you are trying to encourage investment, then you are probably going to offer some quite lenient tax terms. You're going to be on the right-hand side of this chart. But if you're a country that has proven potential, then your terms are going to be a bit harsher. You're going to be on the left-hand side of this chart.

At Wood Mackenzie, we have worked with a number of governments to help them devise appropriate fiscal terms, and Steve gave you a couple of examples in his opening comments.

If there are no licensing rounds in a country, then you may have to negotiate the right with the government, sometimes at extremely senior levels. Either way, it takes time to get this license. And it's not unusual for oil companies to have an office in a country for several years before they even get the license to start exploring.

So you finally got your license to explore. Well, where do you start? This is where your geologists make their money. But how? Let's go back a bit; several million years, in fact. And I'm going to keep this brief, because I'm not a geologist. But basically -- and I'm going to use the pointer here. (Probably) to my right, so apologies to people looking at the other screen.

But oil and gas are formed in what's called source rock. This is basically rock that's crammed full of organic matter, buried in the depths of the earth for

millions of years. Until oil and gas is formed, it starts to migrate towards the surface again, until it's impeded by a cap rock. At this point, the oil and gas starts to accumulate in the reservoir rock.

There are no underground lakes or pools of water. Rather, the oil accumulates inside the pores of the reservoir rock, forming the oil and gas fields. The geologists can then identify these accumulations by interpreting seismic data, which they acquire from seismic surveys. Simple. But the only way to be certain is to drill a well into the reservoir rock and see what's there. And the lower picture there is a drill bit. This is the bit that does the digging to your target. It's about the size of a football or a coffee can.

And oil and gas fields aren't easy to find. Only around one in five wells will actually make a commercial discovery. And the word commercial is important here. You'll often find something, but unless it's in sufficient volumes and you can afford to get it out of the ground, it's no use to you. And drilling a dry hole and finding nothing can be an expensive waste of time.

Onshore wells might cost a few million dollars, but offshore wells are typically tens of millions of dollars, with the most expensive wells being over $100 million. If you do make a discovery, then it's time (technical difficulty) investment. 15 percent is a common hurdle rate in the industry. So you might run a series of valuation scenarios using different forecasts of production, cost, and oil and gas prices. Indeed, you could do this even at the exploration phase, when you are participating in a licensing round, before you even know what the fiscal terms are. Understanding the potential value of your product at an early stage is really vital. And that is a really vital part of the analysis that we do at Wood Mackenzie.

The feed stage is front-end engineering and design. In this phase, you are drawing up your basic engineering concept. And you've got a basic understanding of your costs; ready to take this to your contractors, and the supply chain who will work on your project.

Then you are ready to sanction your project, or take the final investment decision, FID. Remember FID -- I will reference that a couple of times in future charts. An average time to get from discovery to FID in recent projects has been over eight years. And when you consider the time you've probably invested before you made the discovery, it might've been -- you've expended over a decade of time and effort already, and only now are you giving your project the green light. It's a long-term game.

(Form) development. I will just click all these up. New developments have actually been getting increasingly more complex in recent years, particularly offshore. Deeper water, deeper oil and gas reservoirs, remote locations, higher pressures, higher temperatures, heavy oil -- these have all added to the complexity and added to the cost of an already capital-intensive industry.

To give you a feel for that, to put that kind of capital-intensive nature of the industry in context, I noted that the Freedom Tower was the most expensive building in the world, at a cost of $4 billion. Around the world, there are many hundreds of oil and gas projects which are a lot more expensive than this. We are currently tracking around $3 trillion of capital expenditure, just to 2020.

So these more challenging developments have required some pretty impressive technology and innovation, and the industry does have a good track record in this. And I've got three examples that I just want to share.

Going to the top left first, this is directional drilling or horizontal drilling. Not only can you drill a well several kilometers vertically, but you can go vast distances horizontally, as well. And the accuracy in hitting your target is pretty staggering. To put this in perspective, imagine being 30,000 feet above New York and successfully aiming your drill bit to hit the pitcher's mound in Yankee Stadium. It's pretty staggering stuff. And of course you're doing this in blind, and cutting through 30,000 feet of rock and mud in the process.

Secondly, on the right-hand side, is Shell's Prelude FLNG vessel, FLNG being floating liquefied natural gas. What do you do if you discover huge reserves of gas offshore and you've got no way of getting this to shore to develop it? This

vessel allows you to develop that gas offshore. It allows you to also then liquefy that gas by super-cooling it and then transporting it in LNG vessels for transport around the world. And it's huge; the deck of this vessel is longer than four football fields. And if you turned it on its ends, it would actually tower 100 meters over the Empire State Building, which is conveniently shown on the first graphic there. The Freedom Tower cost $4 billion; the Prelude FLNG vessel cost more than double that.

Finally, I wanted to mention hydraulic fracturing, or fracking: the process of pumping water, sand, and chemicals underground to break open rock and release the gas. It's not a new technology, per se. But in the US, producers were able to go about this in such an innovative and efficient manner that it drove the cost down, to make the production of this gas commercial. And at one point not too long ago, we just didn't think that would be possible.

I mentioned that developments are getting ever more challenging, and that is partly reflected in the cost base of the industry. The chart on the left shows upstream development cost per barrel, and it shows a steep rise in 38 percent in five years. Some of this also comes from a rising cost base in the supply chain as well, and then taking their chunk of the higher oil price we've seen in that period. The chart in the middle looks at a similar metric: development cost per barrel, this time by a selection of the biggest producers -- the big IOCs and the big NOCs. And you can see that it's been rising across the board.

And the chart on the right shows a cost curve of new projects which have yet to achieve FID, so they are yet to be sanctioned. And if I just take you through this, the horizontal axis shows that these projects account for around $1 trillion of new investment. And then the vertical axis is showing the oil price required for these projects to break even on a post-tax basis. Then on the red or orange dotted line, we are showing the current oil price.

So as you can see, for these new projects, over half of these simply don't work at lower oil prices. As a result, companies are deferring their investment in

these projects. They are looking at their development concepts over again, and they are looking at cost savings.

Back to our value chain. So finally, you've develop your field; you start up production; and the dollars are starting to flow into your bank account. It's probably taken you a while to get this point -- over a decade, typically, from discovery to first production -- sometimes quicker, sometimes considerably longer. At this stage of the value chain, your focus is on achieving peak production, managing your plateau, and then managing your decline.

And there are a number of clever techniques which companies use to manage the decline of their fields. These are called secondary and tertiary recovery techniques, and involve the likes of injecting water and gas into your reservoir to stimulate production and improve your recovery factors. And companies actually have a good track record of -- in using to improve their recovery factors as the fields mature. And we call this reserves growth.

The chart on the left there is a typical oil production profile. This is the Brent field in the North Sea, not to be confused with the Brent price of oil; this is related to that. As you can see, this field actually peaked in the mid-1980s, so they've been managing the decline for 30 years. They have been doing that through investing in secondary recovery techniques. The field will actually cease next year, and at that point it will be decommissioned. This is a big topic in the North Sea just now. And decommissioning involves taking the platforms back to shore and disposing of them on the shore. It's another costly part of the process. The decommissioning bill for the Brent field alone is around $4 billion.

I've included a gas profile here as well, just for comparison's sake. This is the Zohr gas field, which is a recent discovery in Egypt. We expect it onstream in 2019. The production profile won't be quite as linear as this in reality. But with a gas field, you do tend to manage your plateau for much longer. And often it's managed to meet a specific gas field's contract that you've agreed.

Still on the production theme, but on a global level now. On the chart on the left, we are looking at production in 2004 versus production in 2014. And the different colors represent the different production types, or resource themes, and you can see them at the bottom.

So the chart on the left shows us that production has been growing about 2 percent per annum. The bar chart in the middle is looking at production in 2004 and 2014 again, and this time is looking at that percentage breakdown by theme or production type. And the key message I want to provide to that chart is that unconventionals production has been growing really fast, from 8 percent in 2004 to 19 percent in 2014. And just to be clear, when I'm talking about unconventionals, included in that unconventional bucket is oil sands, shale gas, coal bed methane, sour gas, shale oil, tight gas, and tight oil.

And the vast majority of this unconventional production is in North America. In fact, this dramatic rise in unconventional supply growth has been one of the factors in the current oil price cycle. And I will refer you to the two pie charts on the right-hand side of the chart, which show the oil market share; not just the OPEC oil market share, but the North American market share.

If we look at the North American market share, you can see that from 2008 to 2014, it has grown. And the unconventionals production is largely contained in here. And it's grown at the expense of OPEC market share, which has shrunk over that period.

In reaction to this, OPEC decided to turn on its taps to regain that market share, rather than restrict supply, as it has done in the past to prop up oil prices. It turned on the taps. And this made life a bit difficult for everyone, really, but particularly those higher-cost producers, such as some of the tight oil producers in the US and those with the higher-cost new developments that we've just looked at.

And in response to the lower oil price environment, companies were quick to react. The most immediate lever available to them was their CapEx spends. And they were quick to revise their CapEx plans. The chart on the left shows

our forecasts of capital investment to 2020, broken down by development status. And the dotted line shows our forecast for the same, but before the oil price fell. So basically what you can see is that hundreds of billions of dollars of investment have been deferred.

Two areas in particular are worth mentioning that are being targeted by the companies, the areas I've mentioned before. Those pre-FID projects; that was discretionary spend that could quite easily be deferred. And in the US, the tight oil producers, who are really very nimble -- they were able to quickly focus on only the most cost-effective plays as the oil price fell. And what's the effect of these CapEx reductions? Well, it's really quite significant. We expect several million barrels of supply to be removed from the market, as you can see from the charts on the right-hand side. The upper chart shows how our view of US onshore production has changed. And the lower chart shows how our view of production from new projects outside of the US has changed.

So what's going to happen next? This chart might provide some of the answers. With all this CapEx deferred, we are looking at a supply gap emerging in 2020. Let me just walk you through this chart. Apologies, I'll do this on my right hand side again. So, here we have demand for oil in 2014. And by 2020, as we have already mentioned, demand is going to grow. So this is your total demand by 2020.

In that period to 2020, though, the existing fields that are in production are going to decline. And, actually, that accounts for a big amount of supply to be removed from the market. You've got a big supply gap there, which is partially filled by the new projects which are still going forward.

Even still, by 2020, you are staring at a big supply gap. What's going to fill the supply gap? Well, the answer is a little bit of everything. Those pre-FID projects that we've talked about already are required. New US tight oil drilling will be required. Reserves growth is required and exploration success; that's covered by the YTF there, which is yet to find. And more supply from OPEC is also required. And importantly, much of this new supply that's required is higher cost. And so it will require a higher oil price.

Back to our value chain again. So you've managed to find an oil and gas field and develop it in a cost-effective manner, but you've still got to get it to the point of sale. This isn't always straightforward, and sometimes involves building a new pipeline, sometimes across borders, or paying someone else a tariff to use their pipeline. Either way, depending on where you are in the world, it can add significant cost to your project.

The potential transportation pitfalls were highlighted recently with President Obama's decision to reject the Keystone XL pipeline. This was used to transport heavy oil from Canada to the US. Indeed, Shell recently canceled a project in Alberta, citing lack of infrastructure as part of its cancellation reasoning. So transportation is a vital part of the puzzle as a part that you probably need to have in place before you take FID.

Offshore, there's been some amazing innovation applied to the transportation of oil and gas. I will refer you to the top two pictures in this slide, showing a supertanker on the left and a giant LNG carrier on the right. These innovations have meant that no matter where in the world you are producing your oil and gas, you can transport it to anywhere else in the world. Indeed, before the shale gas revolution here in the US, the US was actually considering importing Russian LNG. Now, for next year, the US will be exporting LNG to Scotland, in a facility not far from our Edinburgh office.

Finally, we've reached the downstream part of the value chain, refining and marketing. (technical difficulty) find these around the world, supplying those everyday items I mentioned right at the top of the presentation. Refineries supply our transportation fuels -- gasoline, diesel, jet fuel, petrochemical feedstocks; LPG and naphtha to produce plastics, fibers, and many other end uses. These refined products are also globally traded commodities, typically supplied by a complex Web of infrastructure -- the wholesale and retail markets, and your local gas station being a good example of a retail market.

Petrochemicals in particular is a fast-growing sector due to continued technological innovation on new products. So understanding that

petrochemical sector is really vital in understanding the future demand for oil. And the feedstock to a refinery, which is of course the crude oil, is actually a major cost component of the refining and petrochemical sector. So (technical difficulty) don't need it for those higher cost developments, are still needed to meet the growing demand.

So thank you very much. I will invite Steve back on to the stage to tell you all about Wood Mackenzie.

Steve Halliday: OK. That was a whistle stop tour of industries that we love to analyze but just one of them. What I'm going to do is give you perspective on WoodMac, where we came from and, more importantly I think for this audience, how we're going to grow.

So let's have a quick look and we aim to give you this and, hopefully, you got a feel for that from Allen and Tim outside -- what do we do for living? How do we win? The growth track record and how has it been achieved and critically, what will drive future growth and that's really -- that will be the key takeaways of this presentation.

In terms of what we do, I think you've got a feel for that, is leading commercial intelligence to the global energy chemicals and metals and mining industries and all of the actors that are involved in that, including people in this room. What we like about it is the industries are complex, capital-intensive, huge, and interrelated. They are interdependent, so if you are providing analysis, you've really got to have a perspective across the whole. Remember the phrase of follow the molecule.

In terms of winning, and we've always believed in the importance of proprietary information, so what we've got is this. The differentiated value proposition built on that proprietary detail analysis and advice. Now, in a lot of industries we serve we've actually become that term, the industry standard, and I can say that's true about upstream oil and gas. I could also say that's true about metals and mining.

And there are different elements where we've really become part of the industries we analyze and that being embedded really matters. The workforce at WoodMac is very high quality.

It's interesting because I'm not a PhD or an MBA or anything. I'm one of the people that hopefully is quite good without that, but there are a lot of extremely well-qualified people who love the industries they cover.

In terms of growth, as I said earlier that is just part of Wood Mackenzie. We have a strong financial record and I could've shown it back to 1988 and you'd see a good shape to that curve and what's critical is a subscription-based business. And actually when it comes to renewal rates, Verisk is the only other company in the world I could ever find that was similar to WoodMac. I couldn't find anybody else.

From the solution set, it's about getting deep with our clients. It's about getting into the customer base and you know again we come -- I was in Dubai last week meeting with -- speaking on chemicals and, again, it's that warmth we have that we have in those terms with those relationships with our clients including Saudi Aramco, the Kuwaitis, Exxon. I could keep going.

And on the right, really significant scale of market. You know, nothing is going to change. Energy metals and mining and chemicals are still fundamental to the global economies and we'll talk about how dynamic they are. They are always changing. We'll talk about channels for growth and the undersold and undermarketed. And I'll detail some of the things we're doing to actually change that perspective and we'll talk about the combination of the two companies.

Now what we'd use at times as being this reference source and what I'm going to draw your attention to on the left-hand side is this range of activities, oil and oil products, flowing into gas and LNG and to coal, metals, and petrochemicals and I'd say with what is missing from that list is power. And we are providing analysis of power markets, particularly in the US. And

through that, that allows us to actually have a perspective on renewables and the way that that market is evolving and the way its role is changing.

And of course as you'd imagine, we are watching Paris closely to see in terms of how that changing geopolitical situation is going to impact on the markets and the companies we serve.

The value chain is extensive. Mark covered it. It's finding. It's an extracting, it's refining, it's transporting and we're really looking right across the value chain. And the layers of information really matter and there is one keyword that's in there which is historic.

And to actually do what we do you have to have the history because the history affects the forward look. If you are going to get your fiscal modeling right on brand, mind you, that one is running out. And I did the analysis in 1989 to 1992 which was superb at the time is that the -- you've got to have those (technical difficulty)

Operator: Ladies and gentlemen, please stand by. We are experiencing a technical difficulty. Please stay on the line and please stand by. Thank you.

Ladies and gentlemen, we will resume momentarily. Please continue to stand by and do not disconnect. Thank you.

(technical difficulty)

Steve Halliday: -- into that, particularly in oil and gas, are unique to WoodMac. It is a methodology that's been developed over time with the industry and it's a methodology that the industry has come to rely on. And clearly, opportunity identification is key.

Actually what's happening in the industries we serve -- they've responded to the current environment by looking at their portfolios and what you've actually got is a great deal of asset packages on the market right now, and the challenge is finding buyers. But it's an extremely dynamic situation as

companies and investors adjust to the new dynamic. And, of course, saving time.

You know you really do have people who are relying on WoodMac analysis all the time and every day.

Now, the business model, and I'm aware that when you look at this business model, you are looking at that combination. The core of WoodMac is subscription-based research. And that's on the left-hand side. And it's really important to understand that we believe in high levels of access of the client base through to the analyst. Mark and I were only talking this morning that the UK upstream team in itself gets 1,000 contact points from their client base every year asking for clarification of the analysis. And we make it incredibly easy for the clients to get through to the individual that wrote that piece of analysis.

And I call that oxygen. It's oxygen for the analyst because they are highly engaged with the client base.

So, research is where you have the insight and information, the content, the database, and that expert network and it typically is people who love being the expert in the subjects they cover. I started my career as a UK analyst. Mark was with Team Caspian and then went out to Singapore. It's about getting in depth.

Now, the research team is at the core but we are really working very closely with sales and marketing, with the client at the center of everything we do. One lens, one client, and we are really talking about sales and marketing blending with research, with high, high connectivity and high touch, and that's access and feedback, demonstration of values and long-term relationships. Allen and Tim are spending a great deal of time with clients. Last night meeting with another client, engaging, and you've got to remember that in that engagement it's an exchange of views. It's not one way.

I think there was a question I picked up earlier, how does WoodMac get information? I'll come back to that.

We get information because we are, again, part of the industries we serve and we are improving the efficiency of the industry. We are enabling it to function better through this exchange. And consulting our services, which is the term we are using. It's a really important part of what we do and I think Eva has talked to you in the past around that sort of 80-20 rule that we apply.

But what it does result in is a very, very high touch with CEOs and boards. And we really are in front of clients all the time. It's fabulous for obviously getting involved in developing bespoke solutions. It is fantastic for ideation and new business ideas.

The typical stance for Wood Mackenzie is we've got way more ideas than capacity. Our challenge is always to high-grade those ideas. Again, Mark and I were talking about that this morning. Particularly with the addition of Infield, small tuck-in. Already it's just churning out these fantastic ideas for us to go develop.

So we are always long ideas and there's a reason for a client being at the center of that. It's one conversation with a client and what we work very hard to do is it's entirely coordinated around the needs, and it's based on the long-term relationships that we have.

So, the portal, we had -- this is our view of it, and I think you've got our view of two of the tools this morning. It's that historically we built up product after product over time and what you had was this highly compartmentalized portal which was actually extremely difficult to use in the sense it was only power users that could navigate.

So, through 2011, 2012, and 2013 we made a major investment based off hundreds of interviews with clients to redesign what we did and to take that highly compartmentalized offering into one homogenous portal. And that launched in December 2013. It was hard yards but what you see now, and I'll

show you a track of the usage and the impact of the portal, it was an absolutely vital piece of investment by WoodMac. And the aim was to enhance the user experience and facilitate access to what we do.

And of course, since then, we've introduced the app. We're going to put out another version of the app which is more conditioned to the iPad over time and to really increase that accessibility.

And what you see down there is engagement measured by usage was actually up 58 percent in 2014 and critically, 25 percent year to date in 2015. And what I always say about that metric is at the moment for some of the actors in the industries we serve, times are extremely challenging.

However, the need for analysis is going up. It's getting more complex and needing to be on top of what's happening, and they are using Wood Mackenzie research to do that.

So, I think we shouldn't underestimate the importance of the portal investment and it was quite interesting times when we threw it live and we watched the migration across from one state to the other. And it's really opened up tremendous growth in users and usage for us.

Now, a lot of questions, if you like, about the scale of Wood Mackenzie's data and I hope you got an impression of that, particularly with the upstream data tool, which is the global GIS-based system. And here are some statistics.

30,000 oil and gas fields are assets. 52,000 blocks, over 55 million data points. And as an aside, even though Infield is small and it's a tuck-in, an additional 30 million data points. It is -- and I've said this to somebody earlier, it's a thing of beauty when it comes to databases. And we are really excited about the combination or even the small company of the combination of the data. So it adds to these numbers.

In terms of evaluation, which I said is a core competence of WoodMac, we're talking about over 5,500 commercial upstream valuations. Technical would be

the discoveries that have been made where there's a little bit of uncertainty about exactly how it's going to be developed over time.

But then of course we move into coal mines, iron ore, and steel. And I could add copper, nickel, zinc. We are really into the detail of the business.

Now we're not finished there. One of the major areas of growth for us is into the exploration arena. So we've got over 500 exploration basins and we've got some great new stuff that we are doing around the valuation of yet to find reserves.

We've got 200 unconventional plays, 300 LNG terminals, and, and, and.

Now, I think the really important point to make here is that WoodMac has global value chain coverage but sometimes you know when you are looking at the number of data points, it's about which data points matter and which ones add value and it's one of these interesting things that that could be a world where you have data for data's sake and we start to focus on the elements that add real value to the clients, and I think there is a really important one which sets on top of all of this and that is quality.

And the quality comes from the interaction that the analysts have every day. It also results in the global coverage and the corporate analysis so that we are able to match the bottom up with the top down to ensure that the quality is absolutely top-notch. Because that goes to the heart of the reputation of Wood Mackenzie.

So, how do we work? Well, at the center of what WoodMac does are WoodMac's experts. And actually, when I was at the airport on Monday about to fly to New York, I met one of the WoodMac analysts who was about to spend a week going around one of the regions we cover and had around 20 face-to-face meetings with extremely senior people in the industry to exchange views on that country, and to make sure that our asset analysis was up to standard. And that engagement is absolutely the heart of everything we do and it's only trust, and the adherence to quality, that results in that access.

How does it work? Well, the analyst would go and they would be gathering information and they would be working as well, not just with the companies but also with the government to actually make sure that we understood the fiscal terms, we understood the regulatory environment, remember that we are part of the industries we serve, and it's by talking to all of the actors that we can pull together this analysis in this way. So we gather the information and then, of course, we develop the content and that's very much what marks part of the organization is all about, is getting the experts to really work on the numbers.

And a critical point for everybody to realize, what we do is we form the Wood Mackenzie view. We never say well, Company X said that, Company Y said that. What we say is Wood Mackenzie view is -- and that is what we put out as our research. A really important point to realize.

So we are looking at a combination of non-public data, together with public information. And my stance always is IP plus non-IP equals IP because you are really adding value to the data sources we look at and on the right it says independent view. Remember it's dynamic so it's continuous updates. It isn't a situation where we produce our analysis and it can sit on the shelf for 10 years. It's not like that. It's a very dynamic and it's always changing. Because remember, it's forward-looking. So this is the way we work.

Now, we talk about workflows. And we've just chosen one workflow here. Actually, in the design of the portal, we went through numerous workflows and personas and actually this work has been repeated in Maple Croft right now as well, and I'm just going to take you through one workflow example which is opportunity screening in oil and gas and this is highly relevant right now given the number of asset packages that are on the market.

So what do they do? Well, they would use the upstream data tool, expertly piloted by Allen this morning to look at review and filter all regional assets around the world. And then, when they start to zone in they would use the exploration service to understand the upside potential. It's not just the assets

they have to date. But it's what might happen in value creation going forward and this is an emerging area of intense analysis for us.

Now, remember, of course, it's one matter of finding it and the reason we got into gas and power markets and pricing was, what's it worth? So what you are doing is you are blending your volumes together with our view of price to come up with our perspective of value, but to do that you've got to run it through a fiscal model and this is GEM, global economic model.

And it's worth saying that for GEM and for a lot of the products, these were developed in-house because we needed them. And over time, you take those products that you've developed to do your role and you put them out as subscription services. And I remember the Visual Basic version of global economic model because that's -- and then Lotus 1-2-3. It's been around for a while and it's continuously being invested in and updated to meet client needs.

Flowing through the global economic model, this is a critical issue for us. You are able to call the analyst. You are able to engage. I've seen your analysis of (Zore). Why have you put the plateau at that level? Your CapEx looks heavy. What's happening there?

And it's that engagement that actually improves the quality of our analysis. And then of course, the upstream asset analysis where you can deep dive and in that you can go look at the history. You can look at the ownership. You can look at a tremendous level of detail because, remember, we are talking about huge capital sums and huge operating cost sums at risk here.

So, we've always taken a view with competitors that you do need a rearview mirror. And it's important for us to -- we really take care to understand what's happening in our competitive world but equally to focus on what we do well, and to make sure that we are engaging with our most important group of people, which is our customers, to make sure we understand their needs.

So, this is an interesting slide because we're talking about verticals which are set horizontally. A bit of teratology in this one.

But if I look at the top one, energy actually is multifaceted. And when I look at this, we've put a selection and of course the top two are on the left-hand side, which is Wood Mackenzie and my respected friends in Denver, Colorado, and that's working across energy. And there are other players.

And we are very conscious of the fact that this is fast-moving and there is always scope for emerging people, and that's why we need to be on top of our game. But our goal is always to be the leader in each vertical. And I'm going to look at metals and mining.

Sorry, I should've said about energy. Again, I'll come back to Infield. A small tuck-in. It really reinforces our position. Extremely powerful, very high-quality database which together with WoodMac, we can have some fun with.

In metals and mining, actually, we achieved that position through a combination of three M&A moves. Two in 2007 to establish us in the coal business and then Brook Hunt in 2008. And, prior to the deals we've been doing, 2008 was the last major move we made.

And what we managed to do was establish our view across coal and all of the bulk metals which we believe is really, really first-class.

Now, chemicals, I've been a little bit cheeky thereby, putting Wood Mackenzie as a front runner and a leader and what I'm referring to there is the combination of what wood has been doing over the last three years with the PCI group of companies. Again, all of a similar small tuck-in nature but, together, it really completes the chemical value chain for us. We are extremely excited about that.

And when I was in the Middle East last week, our clients are really looking for someone to bring the chemicals value chain together and offer high-quality analysis. So we now have the world's expert in paraxylene set in Kuala Lumpur and we are really talking about companies with the same cultural fit and the real love for what they do so we are extremely excited about the move

into chemicals. And remember, all of these sectors interrelate and interact so the aim is to be the leader in each one.

Our people matter and I think a lot of companies would say this. But I think this is one where we really have a superb match in terms of the approach within the various way we are developing the quality of our people. Remember, we have the world's expert in the subjects we cover. And we're talking about talent, organization, rewards and recognition and culture. And this is something that we are highly engaged on.

We're looking forward to the annual process that Scott has what we are looking for to recognize talent and development; and investors and people gold is an external perspective to make sure that we are really up to standard in how we are dealing with our people.

So the right talent and culture, and this is an important part about the match in the values. We've been able to go from one world, where being run by private equity, to now being part of Verisk in an extremely smooth and positive manner so that we could remain focused on the needs of our clients.

OK, so what about that customer base? We talked about it. The first thing on the left-hand side of this is to refer to this diversity in terms of coverage. As you see E&P and integrated, sure, 41 percent. NOCs, governments and NGOs are a growing part of what we do. We have deep relationships.

Financials covers both a M&A -- the investment banking and the buy side. And we refer to this doubling of coverage of the buy side over the last two years, led out of New York. We have metals and mining and Other is actually an important category and a growing one. Within that, we have professional services. We have independent refiners. We have utilities and, now, we are introducing the service sector and actually I think over time we will delineate this pie chart more.

And what we've seen through the growth of the number of clients is this change in the percentage represented by the top 10, which was 30 percent in

2009 and as of now is 21 percent, which I think is actually very similar to Verisk as a whole. And what we are seeing there is the top client is less than 4 percent, so we have this extremely diversified client base.

This shows the growth in the number of clients over time, and this is 2009, we had 590 subscription clients. At the beginning of 2014 it was just over 800. And I think it's important for people to realize through this challenging environment, that we've gone from 820 to 900 year to date. And this shows the potential, we believe, in terms of growing the client base at WoodMac and the high renewal rates come to the relationships we hold and as an aside -- and Eva has been clear with you in the past. We have 45 percent -- circa 45 percent of our subscription revenue under long-term agreements.

So, this high renewal rate is an important part of what we do as measured by value.

Now I know from the questions you've been asking a lot around the environment, what effect does it have with Wood Mackenzie? What I've shown here is in orange is the Brent crude price from January 2005 through to the present date. And you can see the volatility.

What I put alongside that is the usage of Wood Mackenzie's portal over the same time period as measured by the number of sessions in each month. And what you can see is the consistency of the growth in WoodMac's usage and, therefore, the ongoing relevance of what we do and what I want to draw your attention to, of course, is the importance of the portal investment. Where you have seen this real step change in engagement and that has grown from there.

So you've got this interesting situation where the way I summarize it is, for sure, for some of our clients the ability to interact with us and engage from a subscription point of view is more challenging but the need for what we do is only going one way and that's increasing due to the complexity of the areas we cover. This is an extremely important slide to recognize the ongoing growth in our engagement.

The total addressable market as we mentioned earlier in the introduction, to me is always about the power of imagination. So this is our assessment of what it is today but this is constantly evolving.

What you have at the top of the slide is our heritage, which is oil, gas, coal, utilities, and industrial markets around $1 billion by our estimates. Critically we're now really engaging with pet chems and we've talked about our power analysis creates a stepping off point into renewables and then we have the move into technical.

Infield is a great -- albeit small -- is a great stepping stone as is our drive into more analysis of exploration. So, what we see is big scale of market and we are really talking about developing our services.

We are also interested in the context of real-time data, and we actually think a lot of the skills that set in areas like Argus, inside Verisk can really help us in this capture of huge volumes of data (technical difficulty) that we can then bring to bear to answer client issues.

So, this is our snapshot. To be honest I would expect if we were to do this in a few years' time you would see a bigger number because the market is always changing.

So, this is the -- this really calls out the environment we are in right now and there is no question that the dramatic drop in commodity prices has put intense pressure on our client base. And I think it's important to say that, because of that role that we have in the industry we've got to be sympathetic to that.

And as I say, we've got to engage with the clients, keep those engagement levels very high but respect the fact that they are going through short-term pain. And we're seeing that most acutely as you'd expect in the E&P and integrated area and in particular in the US as the companies adjust to the current environment.

But actually we've got this diverse client base and diverse geographies. So it's not one-size-fits-all. So what we are seeing is where there are areas that are challenged, there are other areas that are expanding.

And as Mark referred to earlier, actually in refining and chemicals, overall compared to upstream, this is a positive environment and of course if you are a buy side investor you might be looking at oil and gas and say, is this a great time to invest? It's not homogenous.

But it is important for us, technology is putting short-term pressure but you've got to keep that engagement high using, of course, the multiyear deals and staying with the journey. And of course I'll talk about the avenues for growth in the second.

So, the moat, I think is a good way of putting that. So what have we been doing? OK, this is a challenging environment.

So, what's happened over that time? And this is year-to-date in 2015. I'll just bring out some metrics for you.

A 25 percent increase in portal usage. Interestingly, a 34 percent increase in the number of super users. Those are the people that are in and out WoodMac's research all the time and they are actually be group that drive renewals so we are really seeing that intense engagement. A critical one for me.

I always say to Wood Mackenzie analysts at the end of most presentations, which is that if there's one thing you need to take away from this is it's go see clients. You are part of the industry. You engage, you go see clients.

And what's actually happened this year is +24 percent in terms of client interactions, forums, phone calls, the works. And what that does is it absolutely positions us for the release when activity really kicks on.

And of course, as you would expect, macro oils and Global Gas Tool have seen this strong uplift. What isn't on there is this new drive where we are really embracing now search engine optimization, pay per click, LinkedIn, and Twitter.

And just two examples. We started the year with 12,700 followers on LinkedIn. As of now 30,000. 800 followers on Twitter, as of now 6,000. All about engagement. It's absolutely all about that.

OK, so how are we going to grow? These are the different avenues for growth. Now, at the center of this, of course is the existing product up and cross sell which is the way we've traditionally grown and consulting. And just to be clear, that's still there but you've got to be respectful about the current environment.

So what we are doing is absolutely saying and focusing on product enhancement to make sure our products are absolutely up to scratch. And I'll tell you about one of our new products in a moment which is a North American well analysis tool is bringing new products to the market.

A new distribution channel is interesting for us. We have been a best-kept secret. We have been extremely conservative, and it's worked.

But now we believe we can take the brand to a different level. So what we are going to be doing is we're going to be investing -- investigating the use of third-party channels to take our content out to the client base and we'll be able to talk to you about that more in 2016. And as of two months ago, we introduced on -demand which is the ability for clients to interact and by the particular research they need at that point they need it.

What I would say about that is the main actual gain of on-demand is it's listed our online invisibility dramatically in terms of the ability of our search to produce Wood Mackenzie on being and on Google and that's an ongoing process.

New clients, we've talked about. I'm going to give you a scale in a moment about what we think is possible there. And M&A again, the way to think about M&A for WoodMac is fundamentally to think about it as moves that would accelerate something we would want to do organically. OK? That's the way we think about it. We are very choosy.

And I'll come back to Infield now. It took eight years to do Infield. It wasn't just that we've crossed the line. Eight years of relationship building to build to that point. The PCI companies, over two.

And the reason we did it was because they had this fantastic people (but) fantastic information basis business that was, we felt, extremely difficult if not impossible to build organically. So that's our approach to M&A.

And then process improvement, we talked about the role of Infield and the role of this group that's come across from BP that's already producing results. We are extremely excited about the addition of that capability. And then, of course, we've got this very much using the various terminology of N+1 and cross sell. We believe there's so much to do.

So, the crux of this is absolutely clearly undersold and undermarketed. There are expansion opportunities but we are going to be very discerning and we're crystal-clear we are going to invest through the cycle to position for the upside.

This is one of those products and this is why actually I think, I hope, when we meet again and you see the chart on capabilities you'll see that last circle being filled in is, this is look at the scale of the data that's going into NAWAT, which launched in October of this year. It is now live. And we're talking there about 4 billion data points from over 75 sources for 2.3 million wells.

This is a thing of beauty. And if you are interested Allen and Tim can (dem there). I'm not sure I could because of the complexity. But you are looking at visualization tool. And we'll come back to GIS in a moment with maps, charts, and type curve generators. And it's very powerful.

And the key is it's launched and there's more like this to come.

We talked about channels and I just wanted to say what's that about? Fundamentally it's about brand awareness. I talked about this rich heritage of WoodMac. For me, the brand is deep and broad. The more we test it, the more it will respond. And really this is about the amplification of that brand.

Now, when it comes to the client numbers, we are at 900 and we put for scale times 4. Now actually, the recent acquisition of the tuck-ins of Infield and PCI has introduced 1,450 new client relationships that Wood Mackenzie did not have.

So, what we've done is, we've been focused on relationship build that's really steady, steady, steady but there's this big client universe that is open to WoodMac and we are extremely excited about taking the brand and engagement to an entirely different level. And I think actually when we come back maybe in a few years we will be changing the scale on this. I really think it's a big opportunity for WoodMac although we have to be reflective on the service model that we apply to each of these segments.

As you would expect, there aren't that many more Exxons out there but there are many more clients that we are relevant to, in terms of our analysis.

So I'll just give a little bit of my take on this slide that you saw earlier around WoodMac and Verisk. And the first thing I'm going to refer to is Maplecroft and James has been doing the demonstration outside and again, not something we've said before but just over two years ago, Wood Mackenzie wanted to acquire Maplecroft. We engaged with Maplecroft, we went down to Bath. We met all the people. And actually due to the dynamics of our ownership at the time, it was not possible for us to get together. Just one of those things.

We now find ourselves a sister company and Sandra Scott who was previously Head of Consulting at WoodMac, is now President of Maplecroft and she is as happy as you can imagine. So we see tremendous opportunity for WoodMac

alongside Maplecroft. Actually the colleagues of Allen and Tim's from New York (for) WoodMac, he is now the Head of Sales at Maplecroft. So we are already seeing that cross sell and that train is already starting to leave the station.

And when I look at Maplecroft and I look at Infield, I actually think they potentially form part of this huge term which is a supply chain and that is a tremendous amount of work for us to do in the industries we serve, really getting into the flow of goods and looking at whether that -- how that's done, whether that's sustainable and an attitude to risk.

On insurance, we've talked about that. Actually insurance is a sector that Wood Mackenzie has thought about over time. But of course it's a huge industry and it is taking positions in energy, metals and mining, and chemicals all the time and this is something that Scott said which has already started that engagement to understand the requirements.

The GIS platform is a big opportunity. Even outside you saw Touchstone. You saw Maplecroft, you saw WoodMac. They all had different GIS systems. Now, on the basis, we can use the JDE, the joint development environment, to bring the databases to be able to talk to each other and then bring together one view of GIS, incredibly powerful to be able to visualize with thousands and thousands of layers and the ability to bring together solutions suitable for each client set. A very exciting area.

And of course, aerial imagery. We actually think that our industries could really, really be well served by working with the rest of Verisk to bring together the use of the aerial technology. Again, extremely exciting and internationalization is obvious. That is well underway.

So, what are the key takeaways for today? Does WoodMac and Verisk absolutely have matching values and distinctives?

For sure, our different heritage in terms of the industries we cover but exactly the same approach and the desire to do it in exactly the same way. Really from our point of view, a tremendous match.

The customer relationships -- I always say to Wood Mackenzie people, we are long-term players. We've got deep relationships and when you are in the business long enough, those people you saw for the first time as an analyst 25 years ago are now the CEOs and those relationships are enduring and they are deep and they position us extremely well for continued high customer retention.

We have deep assets. You've seen examples of that. You've seen aspects in the demonstration and we love the fact we've got this interrelationship between energy and chemicals and the industries we serve.

Industry headwinds are challenging. What they are doing though is increasing the need for what we do and you can see that clearly in the usage scores on the engagement that we are doing with our industry.

And then finally, innovating is what we do. I think WoodMac has been successful at continuously evolving, continually changing. And I think it's crystal clear that there is a reason for the last word in this presentation being growth because that's what Wood Mackenzie is actually all about.

So, I've got 18 seconds left so I'm quite proud of that. So what I'm going to do -- OK, Eva, is open it up four questions from anybody and I'll call on you, Mark -- you haven't escaped completely if it gets technical.

Toni Kaplan: Toni Kaplan, Morgan Stanley. So in a normal year, how much of WoodMac's growth should come from price versus upselling versus new customers and new products?

Steve Halliday: Well, the good news is I'm sitting really close to Eva. And you know a specific question like that -- I'm not going to go into the detail. What I would say to you is in a normal year it's all of the above. It's multiple avenues for

growth and it's multiple levers to achieve growth and what we are saying is, of course, it flexes with the environment but over time it's all of the above.

Toni Kaplan: OK and then back in 2009, when oil dropped, I think WoodMac grew about 12 percent that year. What's changed now that the growth profile is so much lower in the past quarter?

Steve Halliday: Well, that's a pejorative way, of course, of putting the question is. What I'll be saying is that in 2008 into 2009 you had a particular circumstance. Where the global financial crisis really affected WoodMac's world for around one to two quarters in the middle of the year but it quickly rebounded and by 4Q 2009, the game was on and inarguably in terms of what we're going through, this is the real test of the industry. It wasn't in 2009.

And now what you've got, the beauty of what we do is challenging times actually make it more interesting. So, I think we're all going to do let's see how it evolves. But there are differences and I think Mark referred to it this time it's a battle for market share.

But, you know, nothing is ever static. So let's see how this all evolves.

Manav Patnaik: This is Manav at Barclays. So you showed a lot of good stats about your portal that you just launched. So, what I was hoping was, firstly, how much of revenues or business is running through that? And then the other two sort of off-line products that you didn't mention, which was GEM and Pathfinder. Like, how big are those?

And I guess the question I'm getting to more on the GEM side obviously is your expected friends in Denver have been talking about launching a competing product so just trying to understand how much each of these products are really a part of WoodMac.

Steve Halliday: That's fine. I imagine you've been asking Eva and David that for about six months.

What we have is a range of different products. What we did refer to, and I'll refer you back, is the fact that fundamentally this is a bit of a natural 80-20 when it comes to the overall subscription business. And as Scott referred to, that is evolving over time because the challenge for consulting -- and the challenging with consulting is we have to be awake. And when research is really moving, it's moving fast and the challenge of services, if you like, is to keep up. So I'm not going to -- don't think it's right to go into the detail of that matter but good luck with Eva and David when you next meet with them. One more question.

Manav Patnaik: Yes, and maybe if I could just ask, you alluded to it a bit before and maybe we'll wait for that book you are putting out.

But in terms of what you couldn't do under private equity, the many owners that you had was just various like, you know, maybe a little more simplistically, like why couldn't you do what you are trying to do today with Verisk under the PE ownership?

Steve Halliday: Yes, I mean, we had very high-quality PE backups and you know Candover, Chart House and then Hellmann and Friedman. And let's just talk about Hellmann and Friedman.

Their goal is to leave is to allow companies to reach their full potential. The reality is of course, though, that you know there's always a transaction pending. And in a sense I would put it as to an extent you've always got to have an eye on being sale-ready. And sometimes you know when you are building a business for the longer term you've got to be really taking that five-year view. And what we've really enjoyed in joining Verisk we've been challenged to pull together a five-year plan and to really set out how we're going to achieve our full potential knowing that we are not going to get -- beyond that three-year kind of turnaround.

So, it's more a state of mind. The other thing I would say is that the Wood Mackenzie staff were absolutely ready to find their long-term home. You know, they've dealt with constant change, multiple changes of owners and,

actually, I think it also got to the point where we had extracted full value from PE in terms of what they could tell us.

Actually, now, I think with what we've got with all of the capability of Verisk we are now in the right place to continue to learn and grow. But it's really around attitude to building a business unsustainably because quite frankly, PE are great but as soon as they arrive they go in the waiting room to go, and that affects the psychology in terms of the frame of investment.

Andre Benjamin: Andre Benjamin, Goldman Sachs. Slide 69, where you went into the TAM, I guess, you laid out three major buckets there. There's the commercial space, the technical space and the real-time data.

Maybe lay out how you're thinking about the differences in the growth versus margin potential. So if we were to go (multiple speakers) and see you move into some of those you may see some impact one way or the other.

Steve Halliday: Yes, I think the -- what I'd say there is, it's a very -- the line between those different sectors of the market is a little bit subjective. So, what is commercial and what is technical? And if you look at something like Infield or what we do in the exploration space or some of the work we do, you could arguably say it's either side of that line. What we are fundamentally talking about with WoodMac is the ability for us to make a difference to commercial decision-makers and there is a tremendous amount of commercial decision-making within the technical arena.

And so, I would be saying that actually we are already evolving into technical, particularly around the exploration activities.

Now, in terms of its impact on you know on growth and margin, I actually don't see any difference from those metrics. Wood Mackenzie is very similar to Verisk and you'll hear more from Mark later about the ability to grow, the ability to drive revenue whilst at the same time growing and protecting margins. I don't see that being challenged by a move into those different spaces.

Peter Appert: It's Peter Appert from Morgan Stanley. I was just wondering in terms of your objective of growing the customer count, does it require displacing existing providers? And related to that, how important is pricing to the decision-making? And maybe I'll just throw the final question in.

Steve Halliday: Three questions? You are going to really test me now.

Peter Appert: Yes, yes, before they grab this away. The multiyear deals you've talked about, how much has pricing been a driver of that? How much --? How many concessions do you have to make on that?

Steve Halliday: Right, let's have a go. Remind me of question 1?

Peter Appert: How do you grow the customer count? Do you need to place (multiple speakers)?

Steve Halliday: Let's just go there first. You know, what you've got with a client base -- I mean I meant it by times four. Wood Mackenzie should be serving thousands of clients on the subscription basis. And what you've got there, in normal times, companies will one more than one view. Companies actually typically want choice around the providers.

So we've seen situations when we started in US Gas, for example, that they would absolutely take two or even three points of view. There was a little bit of a flavor at the moment that it's a bit more challenging. So at times people are going down to one provider but I would say typically, it's about provided the offerings are high quality, they will take an additional provider that adds value over time -- what you wouldn't find over time is that they would retain three but there's room for two and that's why we always state that we are wanting to be the really leading position in each of the markets we serve.

The second one was --?

Peter Appert: To get those added customers, if you are coming in second, do you have to make concessions on pricing?

Steve Halliday: You know, I always think when we are setting prices, let's say, for new offerings that are going in, at times we can end up negotiating with ourselves.

You've got to remember -- and this is why it was so important for Mark to go through what he did. Look at the capital at risk. Look at the nature of the industries and actually in terms of the percentage of money at risk spent on subscriptions is extremely small. And so therefore, provided you are pulling out offerings that really add value, to be honest, it doesn't tend to be a price debate. It tends to be a quality and value-add debate which bridges into your third point where, you know, multiyear deals at times are actually at the request of the client because it's an onerous annual cycle to actually go and do that renewal. And therefore it suits companies to actually say look let's just set a multiyear framework.

Now you can imagine in the current situation, upsell potential, which might have been possible, is not there right now. And again, to come back to that respect but by putting in multiyear deals you are staying very close to the client and, of course, you are standing up tremendous potential for cross-sell across the time of the contract.

So it waxes and wanes. And it -- we refer to it earlier, every avenue is possible for growth. Which one is emphasized can change over time.

Unidentified Audience Member: Two quick ones. You mentioned several times that your products are undermarketed, undersold and maybe the nature of your ownership had an influence on that.

But there was a little bit of a lack of detail in terms of quantifying that or dimensionalizing that. So, for instance, like increasing customer penetration -- can you give us any data or anything to go on that would give us any level of confidence that you had the ability to go deeper with your customers?

Steve Halliday: Well, there's two different things you've just raised there. Let's deal first of all with increased penetration of existing customers. So that's about growing the user count and growing the usage level. And what we are doing there fundamentally, that is about the portal being so much easier to use, it's the plus 24 percent terms of engagement. It's also making the thousands of employees aware of what they have available. So the actual number of users at WoodMac is growing by 250 every week, just like breathing, and that's about getting deeper and then you got with the relationship sales model making it clear to those clients what services are available that they don't take today.

So I would describe that as increased penetration of the existing client base. Than what you've got and I put this down to WoodMac reaching its full potential -- let me put it a different way. There are only 900 organizations in the world of any type that are interested in all aspects of energy, metals and mining and chemicals. I don't believe there are. I believe there are thousands.

So then what you've got is around your pricing and packaging to make sure that you are relevant to those clients and I referred to the fact we've got 900 -- we've added 1,450 clients over the last three weeks with the acquisitions of PCI and Infield and that's down to the specific nature of the offerings they had and we can take the benefits of that brand and bridge into those clients.

So, if I was talking to you to say, well then, the clients have been from 850 to 900 over five years and we hadn't done Infield and PCI, I would say well, you know the jury is out. But it's crystal clear that we can grow the client base and refer to the fact this is about focus. With Allen and Tim's excellent work we've doubled the number of institutional investors over two years by focusing on that.

So this is about reach fundamentally and it's naturally nothing to do with the nature of the ownership. This is about the fact that we were able to grow extremely well by focusing on existing clients, adding client managers, adding geographies and growing by sales. Actually, the more interesting question is what could we have been capable of if we had adopted a different philosophy.

Unidentified Audience Member: Last quick one. You mentioned your principles for growth and one of your principles for growth was that continued to invest to recycle so, I mean to the extent that we are in a blowdown on revenue growth, which has been widely communicated, that sounds like margin compression to me when you say we're going to continue to invest through a cycle, given that we are seeing (multiple speakers)

Steve Halliday: Well, I think there are different ways that you can invest. I mean, I think you know you are looking at I'll give you examples of PCI and Infield that we wanted to do forever. There was our investment moves, which had new capabilities and new tools into what we do.

We are very thoughtful and working with Scott and Mark and Eva about the pace of cost addition through an environment like this. And actually, you know there's one attribute of being Scottish is, we are mean. We've got short arms and deep pockets.

So we are very thoughtful about the addition of cost and its impact on margin. And actually when you look at the margin evolution of WoodMac, I suspect it's very similar to Verisk and we aim to keep it that way.

Andrew Steinerman: It's Andrew Steinerman at JPMorgan. I just wanted to stay on the products that you talked about for oil and gas customers like when I look at slide 63 and I saw the demos outside the upstream data tool and the GEM product, are those separate subscriptions for the same oil and gas customer? Or is GEM the main subscription for an oil and gas customer when we're talking about products?

Steve Halliday: Good attempt at asking the same question as Manav in a different way is that actually they are different products which address separate needs. And I think it's an important fact that we have this -- we talked about 60 services and tools. So we've got this really diverse range of products and so no one particular product has a dominant role.

It is a suite that is brought to play, depending on the needs of the clients. So it's -- a random way of kind of answering the question is we've got the spread of exposure across different products and services.

Andrew Steinerman: But they are separate subscriptions or (multiple speakers)?

Steve Halliday: Yes.

Andrew Steinerman: OK, thank you.

Unidentified Audience Member: Maybe we could just focus a minute on just the talent side of your business, review with us kind of overall headcount growth historically, how that's tracked revenues and also average tenure and where you plan on doing -- where do most of the bodies sit? Do they sit in sales and marketing? Do they sit in research? Do they sit in consulting? Give us a flavor for how the human capital is kind of allocated.

Steve Halliday: OK. That's fine. Let me start with -- at the beginning. So when I joined Wood Mackenzie in 1989, there were 24 people. OK? And that was on one floor in Edinburgh. And by the way I can still remember the feeling of that room and the values which were at play and those values are still alive today.

So over time, the number of headcount if you are talking about pre-buyout which was pre-2001 we had an annual wrestle with the parent and so it moved steadily, steadily, steadily. And it got to around 160 by 2001 and then we got our hands on the keys and we went a bit crazy and we expanded very rapidly, and it went to 330 after two years and then we had to calm down and we really focused on the development of profitability.

And we've always taken the stance by the way that profitable companies have choices and we focused on the development of EBITDA, the development of financial strength,, and that actually improved the environment for ideation and made it a better place to work and that's remained the same ever since.

I think actually, if you were to track the growth in the headcount, it's been quite natural and it's probably gone quite smoothly and in line. But what we have done is we have focused on revenue per person, and that has grown steadily over time for WoodMac and you can do, based off the guidance the guys are giving you ,it's a really healthy number. But it's emerged over time.

Now then you come to the tenure and what you've seen when you do a deal like we have, a real seminal deal obviously with Verisk and WoodMac getting together. Some of the folks have decided that now is the right time for them to move along and that's been a perfectly natural process of the course of the year. But what you've got is this refreshed organization crossing the line to really grow the business.

Now, in terms of average tenure, the average age of WoodMac people is probably in the 30s. Average tenure -- well I've just passed actually the second is just over 20 years. Mark is just under 15, and, and, and --. David Morrison who actually is the Chairman of Energy retires next year after 40 years of service and so we might even buy him a glass of wine for that.

But you've got to see that actually what you've got is this blend of people coming in extremely bright people coming through from universities and from the industry and of course you've got to offer them a tremendous career path. Together with people that become the world's experts and really love doing what they are doing and focusing in on that.

I don't have numbers off the top of my head about the average tenure but what I would say is that once people come to WoodMac it's a place and we are seeking particularly working with Verisk to make this a great place for them to develop their careers. Because that extended tenure really plays into what we do, which is quality of the research and of course the relationship with customers. So, very focused on the points that you raised in your question.

Unidentified Audience Member: (inaudible - microphone inaccessible)

Steve Halliday: Sorry, so what I can say perhaps around the sales staff is that of the 1,100, around 100 are quota-bearing staff. Not enough.

What we're looking to do is we've got such demands -- WoodMac is an ambitious organization. We're really orientated to growth. So you are judging all the time about where to put those costs. Again, conscious of through this environment about protecting margin and developing margin.

And of course, what we've actually been doing a little bit of is technology and this is something we are working with -- with Verisk is we have -- actually I would say arguably we've been underinvested everywhere. And the reason I say that is we have so much opportunity. But, particularly the investment in technology is something we've been focused on. The focus on a quota-bearing staff. I could answer in the affirmative to every aspect of what we do. We are idea-rich and it's a real important point to me. That's the key takeaway for this and how we deploy those. We are working with Verisk to take advantage of Verisk capabilities, particularly around the technology space and the use of data.

Unidentified Audience Member: Stephen, I'm just a little surprised with your sort of 25 percent customer penetrations. You are talking about 900 clients, 4X that.

Steve Halliday: Yes.

Unidentified Audience Member: And obviously you talked about all these things to grow the customer base. Why haven't --? I would just assume that with the global front runner that your customer penetration would be higher than 25 percent so (multiple speakers)

Steve Halliday: So we do.

Unidentified Audience Member: Yes so is it that just you need more salespeople or why isn't it higher? What's held you back to date? Thanks.

Steve Halliday: I think an important point would be that when you've been able to grow so positively by staying really focused on the needs of the few, to an extent you don't challenge yourselves to go after this extended client base. And actually, what this debate really started to change for me when we added some new additional folks to the management team, in particular, the arrival of John Linwood around 18 months ago. And John is the CTO of WoodMac and his heritage was Yahoo! and Microsoft. And he brought with him a different attitude in a different way of thinking.

And then we hired Craig Welch who is the CMO, who has just come from Bloomberg and so we are taking what is this fantastic asset, Wood Mackenzie, and we are saying OK, utilizing these different techniques and a different attitude to engagement, we can take this to a different level. So, it's more about additional skill sets that have come into really open our eyes about what's possible.

And I'm into -- I've got a red marker so I'm into overtime. One more question if anybody's got the stamina.

Unidentified Audience Member: As we look at that customer penetration, expanding it four times, can you tell us a little bit about the breakdown of your existing client base by vertical? Does it look a little bit like the breakdown you give on slide 66? And then when we look at that four times, does that look similar? Is there a particular area you are under- or more penetrated?

Steve Halliday: I think you've answered your first question because it's on slide 66. I think in terms of going forward, you've got actually, you know, there is a sort of where you have a little bit more of a finite deck obviously is in terms of major industry players. Now there's a tale about our participants where, you know, I think we can be relevant to them but I think when you look at, let's take a look at that growth from 900 -- we've added 1,450. You've got a whole range of clients whether that be the service sector, whether that be petrochemicals, whether that be other institutional investors and it actually comes back to the point about clients. We just haven't had the reach, you know, to get to this client base.

As to the way that pie chart looks, I wouldn't expect it to -- I think we are capable of growth in each dimension. I'm not sure that I would see it fundamentally changing shape. But if we come back in five years let's have a look.

Eva, I think we are done. Thanks, everybody, for your questions.

Eva Huston: We'll take a short break. There are box lunches out in the lobby. You can grab one, come back in. We'll start back at 12:25 with Mark Anquillare talking about our financials and capital structure.

(break)

Eva Huston: All right, well we're going to get started on the final portion so if people could grab their lunch if they have it and take a seat. There will be some more time for Q&A so don't worry. There is -- I know there's a lot to go on and glad to see everybody is very engaged in the topics that we thought would be of interest to you.

So, with that I am going to introduce Mark Anquillare, who is Group Executive and our Chief Financial Officer. He is going to speak about the Verisk financial performance as well as our capital structure going forward. With that, Mark.

Mark Anquillare: Well, good afternoon. I appreciate everyone being here and it's great to have a good crowd and what I'll try to do is, as Eva described, provide a little bit of an overview of kind of financial results looking back and, to the extent that we've performed and executed, try to provide context for that growth. What's important to us, how we've deployed capital.

So, what we attempted to do is went back a decade and what you see in front of you is this decade broken down into two distinct periods. 2005 to 2009 and separately, 2010 to 2014. And this is a story of performance. It's really a decade of performance. Growth, acceleration and execution.

So, in each of those and we'll get into a little detail of each but you have, in some cases, the darker blue where we have straight CAGRs. In other cases, an average to try to make it comparable. So from a top line perspective, total growth, 10.8 percent for that first period, accelerating to 15.2 percent in the more recent 2010 to 2014. So, topline growth accelerating obviously through some acquisitions as well as organic growth.

And the second row is the organic growth. We've talked about organic growth as being a very key measure inside of Verisk. And you can see there that, on average as we are trying to make like comparisons, 7.8 percent in that earlier period, 8.4 percent higher, faster as you think about the more recent 2010 to 2014.

At the same time, even is growing faster and the margins on average have gone from 43.4 percent up to 46.6 percent. During the timeframe, and we'll describe a little more, we did have an opportunity to invest behind our business. We found one that was going to help us for the long term, help us grow. So CapEx in this period more recently has accelerated. So we have more CapEx, especially as it relates to revenue. You can see 6.2 percent -- 6.2 relative to the 3.6 percent which has affected cash flows overall. Cash flow is down slightly. Still in that 12 percent range over those two time frames. And through a combination of topline performance, margin expansion, and effective deployment of capital, adjusted EPS growing nicely. A little over 15 percent in the earlier period and almost 18 percent.

So these are the metrics that we always like to talk about and almost kind of describe it as a pyramid. And what we like to see is that pyramid getting fatter, if you will, on the way down, meaning that revenue at the top grows as you move down the pyramid, EBITDA in terms of margin expansion grows faster than revenue. And at the very bottom, you have cash flows and EPS growing faster than EBITDA. So that continues to widen out the base.

What we've been able to do throughout the years and through the decade is really deliver because we've tried to find ways to become more effective and

more efficient with our teams. And that measure of productivity at the bottom is evidence of that.

So, revenue per employee, one metric. These are FTEs, full-time equivalents. So two people working about 20 hours each, that's a full one. And you've seen the growth there from about $250,000 per person to $276,000 and probably even more impressively from an EBITDA per FTE jumping from $1.08 to $1.29.

So, let me spend a little time and dissect some of these key metrics with you as we move forward. So, let me start with organic revenue growth.

First of all, let me describe to you the math that we did here. We tried to be as conservative as possible.

So, what we are trying to have is a very like set of results compared to a like set of results. So, as an example, 2012, we acquired Argus occurring in about August. So in this math, Argus is excluded from 2012, the comparison to 2011 as well as 2013 as you compare it to 2012. So this is a full-year look at what I will refer to as organic growth and what you see is that we've seen organic growth at 7.8 percent level for the earlier period, 2004 to 2009, and jumping to 8.4 percent in the more recent period.

So, robust innovation. That agenda we are on, what we've been describing across our businesses, has spurred organic growth. It's really as a measure of our vitality. And, at the same time, I think what you can see is greater consistency to that organic growth over the course of that 2010 to 2014 period.

Focus a little more on the bottom line. EBITDA. Again, a similar story. CAGR of 12.2 percent in that earlier period. Up to 15 percent in the more recent period, and that acceleration kind of self evident in the way we've managed the business.

Topline growth. EBITDA growing faster than topline, driving what is stronger EBITDA growth overall, and those margins on average up to 46.6 percent, relative to the 43.4 percent over the period. So, one thing I'll note as I look at 2014, it does look a little bit down. Remember, a couple things did occur.

We had, one, the perspective revenue kind of changed the way we did some accounting. I'll kind of highlight that. And, two, we did spend some money with the FTC as it relates to an acquisition. If I was to back out or adjust for those along with some talent that we are now hiring into (iPath) which is our insurance or ISO solutions group. It would be about 47.5 percent, 47.6 percent. So, strong track record over a long period of time. A decade of performance.

Let me describe though a little bit about CapEx and really the jump that took place around 2013. Three categories of capital expenditures. Let me spend a few minutes here.

First of all, internally developed software. So, two aspects of internally developed software. You go and you have the opportunity to build the new product. In building that new product, the programming effort is put up as an asset and then depreciated over its useful life.

So, our innovation agenda created opportunities to build new product over this time frame and we've had more internally developed software. So, think of some of the work we did in healthcare, Touchstone, and clearly some of the work that has been part of the Xactware which is, again, a software delivery mechanism. A software solution. All of that kind of contributed to some of that jump that occurred between 2012 to 2013.

Hardware and software, the second type of capital expenditure, the more traditional. We have had the success of gaining more N+1 data from our customers, from third parties, for R&D purposes. And to do that and as we do that, it's created an opportunity to buy, for the most part, more storage, some more hardware and that is that second category that you see there as well.

And then, finally, the -- I guess it's called the darker blue at the bottom, as we move facilities we created an opportunity out in Lehigh, when we moved some of the folks that are focused on claims into a new building and created a Western data center as a part of our overall IT strategy to create an Eastern and Western data center to provide redundancy and capability across the Verisk platforms, bringing all of those data centers into one. So, this is just a function of what we were doing from a business perspective, translated into some additional CapEx.

At the same time, that number of $145 million -- the absolute dollars spent in 2013 -- has basically leveled off both in 2014 and as we look forward into 2015. So, just a quick explanation of some of the CapEx that you have seen, all for the right reasons investing now for the long-term success in growth.

And finally, how it affects the bottom line. So, adjusted EPS -- a couple of things to note.

First of all, acceleration once again almost 18 percent over this more recent period relative to 15.1 percent in the earlier period, driven by topline (technical difficulty) driven by execution in the businesses. At the same time I think the things that we have done so effectively over the years is really deploy capital. We generate a lot of cash. And I think we've been very thoughtful in the way we deploy that capital whether it's back into the business, into acquisitions, or through share repurchases. And the combination of those things have helped that topline -- that bottom-line EPS growth.

From a productivity perspective, the measure we really focused on for many years is, how are we doing with regard to deploying our own resources at the job at hand? So, when we think about innovation and literally, this is part of our planning process, we think of three categories of innovation.

We ask our business units, tell us about invention. Really new, big ideas. What can we do? What can we do different? Two, how are we going to constantly enhance and improve our products? What is that next step? What is that next feature? How are we going to be more valuable to our customers?

And three, it's about process improvement. What are you going to do next year so you can do more with the same number of people so we can scale and ramp this business?

And as testament to the success there, I think what we've done is we've had some nice ramping, upward sloping results both on revenue per headcount and EBITDA per headcount. A culture of continuous improvement is something that we try to drill and move on, and effectively spend a lot of time on, both quarterly. And we have a session with each business unit every year where we spend basically a day talking about how we are getting better from an operational excellence perspective.

So, if we take a look at Verisk across the board, two circles and pies that you've probably known, seen many times on the left-hand side, we really focused on third quarter 2015. This is the revenue by end market. Risk assessment, primarily focused on insurance representing 31 percent. Decision analytics at 69 percent overall. Insurance, inside of overall Verisk, you have to combine the 31 percent from risk assessment and the DA, or decision analytics insurance down the bottom of 29 percent. So about 60 percent is insurance and then, across the top, healthcare representing about 15 percent. Energy represented by WoodMac, some of the work we do inside the government around climate along with Environmental Health and Safety representing about 20 percent and then Financial Services, primarily the Argus business, representing 5 percent.

And on the right-hand side, the beauty of the business is that subscription revenue, multiyear contracts on average three years or evergreen. The prepaid, quarterly, or a full-year in advance, creating a stability and a visibility into the future.

So insurance has been kind of the foundation of a lot of things that we've done but all of the verticals are making contributions. And let me just kind of lay it out for you.

As we think about growth, it's a combination of customers. It's deeper penetration into those customers and a lot of innovation around new solutions.

First graph or the first way we think is if you take a look way on the right-hand side, you see the 17.6 percent growth. That 17.6 percent is the third-quarter year-to-date results and moving kind of from right to left, 10 percent or so -- 10.3 percent -- is because of acquisitions and moving across industry standard programs added about 1.8 percent to that 17.6 percent. 0.5 from property-specific. DA insurance contributed about 3 percent. Healthcare says 0.3 here but, remember, we had a bit of a change in the way we recognize some contracts. And as a result, it says 0.3 percent. It's really 1.5 percent on an apples to apples basis, and the far right-hand side, 17.6 percent would be about 19.2 percent using that same adjustment as it relates to some of that revenue.

But the note, the important point across the board a contribution to growth across all verticals. On the bottom, the absolute year-to-date growth. 6.1 percent around those industry standard programs. The kind of tried and trusted heritage of Verisk. Property-specific 5.2 percent, DA insurance 8.2 percent.

So, insurance, a consistent message, consistent value to our customers as represented by growth inside of our business. The 1.5 percent down below as I mentioned (4) with healthcare is really 9.9 percent if I did it on kind of an apples to apples basis adjusting for that prospective revenue that we've kind of changed the contract on. And overall strong growth in first half of -- first three quarters of 2015.

I always love this type of chart because what it really does is described to you and show you the consistency, the upward trend of both businesses. So on the top, decision analytics making its move from first quarter of 2012 out through third quarter of 2015 and at the bottom, risk assessment. The consistency of and the nature of those relationships is very strong and represented in that nice trend.

So, risk assessment. Let me just remind everybody. I think we've talked about this several times but really the heart and soul of what a lot of the P&C insurance industry does. Top 100 customers are all customers of Verisk. When we talk about industry standard a lot of things that are happening.

First of all, this is that unique database contributed from its early days as an information utility to the industry itself, providing them the cost of goods sold. What it's going to cost you to ensure this particular risk, providing with coverage language as it relates to about 27 lines of insurance. If I was to think about all of the policies that are out there in your hands, the hands of insureds, policyholders. That language in the US is probably 200 million out of 250 million policies. Our estimate.

Regulatory compliance is so complex in the United States so we make it simple. We let them get to market quickly, we provide them with the opportunity to be there, be quick and be efficient with their customers. And what you see is a nice growth. 5.2 percent in 2014, up to 5.9 percent in 2015.

So when we talk about innovation and we talk about trying to do things with our customers learning and being a part of our customer workflows, risk assessment has also kind of expanded and extended what they are doing with extremely high margins and you can see the ramp here from about 56 percent upwards of 59 percent. I will highlight -- we've talked about this a couple of times -- inside of what we will call ISO solutions we have done a bit of a talent realignment.

So as a result of what we are trying to do is become more efficient. Box that operational excellence. We tried to do more with actually a fewer number of people and redeploy a lot of those people into new products, new solutions, new markets. So we are still ramping up and hiring into those new markets, trying to find that expertise.

The margins here are probably a little higher than our typical run rate for at least 2015.

And then decision analytics. Large new verticals. Clearly, themes. Anti-fraud, predictive modeling, benchmarking, optimization of assets. All about the things that we've described and discussed today, and we've been very effective at re-platforming, being the differentiated technology solution provider to those people who are looking to find ways to either augment their own analytic or provide a third-party and use ours directly.

But what you'll notice is, once again, strong growth. This in the case of 11 percent in 2014. Almost 25 percent in 2015, and again, very strong margins. A little bit of a blip in 2014. I'll remind you that that was some of the healthcare growing and product mix shift in 2014 and rebounding back in 2015.

The thing that I always like to highlight -- we spent a lot of time with WoodMac, Scott did a little bit upfront -- is our P&C assets are very much differentiated. We have a preferred seat. We are a preferred provider to our customers in P&C and we have some good opportunities ahead.

So the datasets across the board, Scott showed all the different stockpiles information that we have. Continuing to grow every day, getting more from customers every day, hopefully trying to provide value to them by doing that. We have the brand, we have the recognition, deeply embedded into our customer workflows. The hallmark of really the insurance assets so to the extent they are drawn upon some analytic or information, hopefully, for every one of their critical decisions.

And because of that interface that next decision or that next opportunity to learn more about that risk or more about that asset or more about that claim -- we have a great interface in which to provide the more differentiated information. We need to understand the problem before we can provide a solution. And Steve was here earlier, talking about the strength of the people and the expertise.

It's the same inside of the ISO solutions. All of our Verisk insurance solutions teams and a very strong noteworthy group of technologists, insurance people and analytic people.

Where are we growing? How are we growing? International expansion is certainly an opportunity. Leveraging the platform. Product line extensions, and because of the relationship we have, we are excited by some of the data exchanges that we think we can create.

We talked about GM. We think there is opportunities to take that platform beyond what is just GM and telematics into the connected comb, into some social media. We want to be at the heart of providing information and serving up through the P&C industry for a lot of different places and purposes.

Platforms -- opportunities to be at the forefront of our customers' risk decisions. Touchstone would be an example of that and the ways we go about doing things with the Xactware solutions as well.

All of that provides us with a jumping-off spot. But we also think there's opportunities to do more in new verticals. So we have great market penetration.

What else can we do? We talked about commercial real estate, right? Commercial properties, we have this wonderful information about commercial buildings. Let's turn it towards the commercial real estate space.

We are very much a part of the admitted primary insurance market. But the alternative markets, whether it's inside of excess and surplus lines we should be equally important there. To the extent you think about it, how you go about marketing and advertising. How do you pick a risk. We've typically sat on the actuarial side. Can we help those people who are doing the marketing inside those insurers, the marketing departments, better market too and pick good risks as they try to advertise. All of that provides some good opportunities.

At a very high level, the business model is a very strong one.

This is always one of my favorite slides. So, strong topline revenue growth. This is year-to-date third quarter.

So you have this topline growing. You have margins expanding. So operating leverage creates what is more profit, capital intensity in this case coming down as a percent of revenue. And that leads to some very strong free cash flow.

And then we sit and we decide, well, with this wonderful engine how do we best deploy that capital. Over the years, it's been primarily in the darker blue, that's the 70 percent is acquisitions. At the right time thoughtfully. Stewarding your capital, we bought back shares as well and what you can see at the bottom is a little bit of the ebbs and flows over the different years.

Obviously 2015 is WoodMac. 2012 from acquisition perspective, that's healthcare, MediConnect as well as Argus, and it's a little tough to always time acquisitions so I think we've tried to use the prevailing buybacks and acquisitions to adjust our ability to really shepherd your capital.

Over the course of the last several years, I think we've tremendously improved our capital structure. So a combination of, one, no repayments bullets are due until 2019. Everything nicely laddered well into the future. Absolute interest rate down from where we are. And no more private placements. That used to be kind of a little bit of an odd or difference from a covenant perspective.

So, today we are at about 2.9 times. That's really from a debt covenant perspective, debt to EBITDA, well ahead or very nicely positioned to achieve that 2.5 we said by the end of 2016. And I think what we've done is, we've set ourselves up with the right capital structure, the right access to capital including that nice revolver capacity there to support and fuel the growth of our business going forward.

So, in summary, it's a wonderful business model that has this very consistent highly visible recurring revenue stream. High barriers to entry. 75 percent of all the revenue is subscription-based. Prepaid, year a quarter in advance. Retention rate is extremely high. 98 percent plus and these deep relationships provides an opportunity to extend and expand those offerings.

We continue to invest but at the same time very high incremental margin. Not a lot of cost to implement or service a new customer which creates that operating leverage inside the model and, as a result, we have kind of created what is a very nice margin profile overall. From a customer perspective, in all of a part of all of the largest insurers, we have very little customer concentrations of the largest customer about 5 percent of revenue, in the top 10 about 21 percent of revenue. But the relationships across all the verticals, very strong.

So that what we do is we lead with understanding what our customers' needs. That helps us with our own innovation agenda. Helps us service and be most relevant to our customers and we have over the years executed on the plans that we've set forth.

So, with that, let me turn it over to Eva, and I think we are going to do some Q&A later on in the session.

Eva Huston: Thanks, Mark.

Now I'm going to talk a bit about the path to growth. I know that as we talked to all of you, everyone is very interested in how are you going to continue to grow? We've had such a great track record and it's something that we think about a lot as well.

So I'm going to talk to about the two paths to growth. We've talked about both today. Organic and M&A.

So, just to start I think that as we think about Verisk we actually feel really optimistic. I think Scott mentioned upfront that we are in the best position we've ever been in and we keep improving the Company. And so we think the opportunity remains quite robust. That 8.4 percent average organic revenue growth over five years that we have displayed, the multiple verticals are really contributing as well to the stability of growth.

So you've heard about the newest addition to Verisk today, Wood Mackenzie, but also all of the heritage businesses that we have including our original foundation of insurance. Those all have great opportunities to continue to grow. As we think about it, the other thing I want to make the point of a lot of times we get the questions and in particular I'd say we get this around insurance a lot which is, it's a pretty mature market. How are you going to grow if your underlying market is relatively mature? There are certainly ways that we can grow outside of existing US markets and we'll probably be talking to you guys more about that as that develops.

But even in a mature market, because we're providing data and analytics, we actually have the opportunity to grow faster than the underlying market. Think of it this way. To the extent that you are in a mature market you are operating a mature business, how are you going to get better other than to have the most excellent data and analytics to help improve your profitability? And we are the people who do that.

So, we continue to have a lot of opportunities there. When we think about within the existing -- the paths underneath that, first of all our existing customers. I mean you've heard a lot about the strong relationships that we have -- that we have at Wood Mackenzie, that we have in our other businesses within Verisk and those customers are actually hungry for new solutions.

So when we think about how can we grow with existing customers, yes, price is a component. It's something that we want to use modestly, but we also have the opportunity to develop a new solution and really have our customers work alongside with us.

The reason that is important is because it means, and I believe that Scott referenced this earlier, when we are developing a new solution it's not tens of millions of investment. It's -- it depends upon the solution but it's a modest investment but we're doing that right alongside our customers. So we have a very good sense that when we come out on the other side with that new solution that we've got a customer waiting there who's probably worked

alongside us building the new product to say, yes, I'm going to take that. So that's really exciting.

I mean, a great example of that might be something like our Touchstone product from catastrophe modeling. Some of you have probably seen the demo out front.

What we did in that product so it actually isn't even a brand-new product but in some ways it is, and what it did is it actually expanded the market within our existing customers. There are new users within insurance companies who can now look at catastrophe models in a different way than they did before where they might not have been able to digest it. If you were an underwriter perhaps you couldn't digest it, and now you can and that gives us opportunity to basically grow with our customers.

We also have adjacencies. When you have excellence of data and analytics that we have, you often find people who are related in your market who may not be sort of the original customer set who have interest in the market. I mean, Steve has talked about in his market he has actually customers who are in the market who aren't buying it but we can also talk about things like at Argus, if you think about our Financial Services data, we have now taken that and moved into media effectiveness.

So they are not our original banking customers but certainly the data and analytics we have is a very interesting use to them and we been able to do that.

And then, finally, I would say we're always looking to add data. We talk a lot about we don't sell data. That's true but we are using that new data to create new analytics. That's the idea of N+1. So when you think about things like the telematics exchange which we talked about earlier today, that's a great opportunity for us to create something new.

And so the quote we have at the bottom, we really feel that we are only limited by the imagination of our people. As Mark points out, we have got

sufficient capital to go and develop things and so when we think about organic, which we do think about a lot, we think it is important for us to remain vital and to continue to grow nicely organically, we tell people go imagine things. Talk to your customers. Think of new things that they want to buy and through that we've been able to grow and we think we will be up to continue to grow.

So now, I'm going to walk through the addressable market for each of our verticals here. Before I launch into P&C, I just want to give you a little background on the origin of this analysis here.

What we do on an annual basis is we create a five-year strategic plan. When I say we I should say our business leaders create a five-year strategic plan, which outlines the opportunities they have, the risks they see, how they are going to go about addressing them, the capital they need to do that and as part of that exercise we ask each business to create a total addressable market view. And we also ask them to do that in a way that is broad-based in the sense that it's not just I have this product and I sell it and there may be a competitor who sells 50 percent of the value, and so, we add those together and that's the TAM.

That would be a simple way to do that in many Verisk businesses because we're not really defined by competition. That wouldn't be the right way to go about thinking about your addressable markets.

If you thought about it that way you might say well, we've got 90 percent plus so we should just go home and relax.

But what we really are doing is we're trying to think about what are those new adjacencies we can attack. What are those new solutions we can bring to customers and what are the other areas that we can find to grow by bringing in new data? And when we put that all together, there is a very detailed bottoms-up analysis which basically looks at how many customers are a potential market for this. What is the potential price point for this to the extent it's an

existing solution or a new solution? How much penetration do we think we could get over the following five years?

And so, while this is a relatively simplified view of that chart there is incredible detail under this and we actually share this with our Board of Directors in a strategy session each year so this is really the foundation of this work.

So, I'll talk about P&C to begin with because this is our largest business in aggregate for vertical. About $1.3 billion of revenue on an LTM basis. We think that there is an addressable market opportunity about $7.5 billion there. If you see the words to the right side there, each of these is probably $1 billion to $1.5 billion of addressable market size so it's pretty well diversified across the different areas whether it's underwriting their commercial or personal lines, whether it's claims, whether it's our catastrophe modeling solutions at AIR.

And also within that there's probably about $1 billion of sort of adjacency use case, including things like commercial real estate. I think Scott referenced earlier the amount of data that we are gathering on commercial real estate. Again primarily for the insurance industry purposes to date, but we think there's a lot of other uses for that.

So when we look at this I think if somebody asked you where does Verisk sit in terms of its addressable market, you'd probably say wow, you guys are the biggest in P&C and it's probably instead of having the light blue be the small piece you would probably say that would be the big piece. But it is really important for us not only be very rigorous about how we are thinking about this because it helps define what we are going to be working on in the following year, two years and five years but also it helps us think about where can we continue to grow our business beyond what we have today.

On Energy and Specialized I'm not going to spend a lot of time on this because Steve did talk about this earlier but I think there are two important

observations that I would make. The first is that as you think about Energy and Specialized, again we addressed this earlier. You think oil and gas.

There's a lot more to it than that. Of the $6 billion market opportunity which you saw in more detail on Steve's slides about $1 billion to $1.3 billion of that is sort of the heartland of WoodMac and there's a lot of other things that can be developed around it. So when you think of that, you can see that there is a lot of opportunity for Wood Mackenzie as it continues to grow in this TAM.

I would also mention actually not included in this number because we were really focused on Wood Mackenzie, we do have some other solutions within the specialized area, including our 3E environmental health and safety solutions which relate into supply chain. If we added that into this there's probably at least another $1 billion of opportunity that we can go after.

So again, lots of room to grow and it's really up to us to define the focus and go after it and get it.

Healthcare. As everybody knows, we are currently in the process of exploring strategic alternatives so I won't spend a lot of time on this other than to say two things.

One, this is a growing market. There's a lot of opportunity here and I think that that's well-known and second of all, our colleagues who work in our healthcare business are working very hard to go get at this. You seen this before in investor day and in fact if you want to go back to the March slides and see more detail there's more detail there.

But one of the things whenever we think about any market we are getting into is we are looking at the addressable market and there is a very large one in this -- in healthcare.

Financial. You know, this is interesting. This business is about $100 million give or take in revenue today and we are showing you a $2 billion market opportunity. For those of you who are referencing your slides back from

March, and I know there's one or two of you -- Andrew, I see you in the audience. I know you are going to do this. The market opportunity we show do was about $500 million. So the question you say was well how did it go from $500 million to $2 billion. It's really in the sense of how we are defining it.

When we talked about it in March we were really focused on very tightly existing solutions in a couple of markets that we thought we could go after. As we took this more comprehensive exercise, we see there's about $2 billion of market opportunity there. About $1.5 billion of that is actually solutions that we already have.

The other thing that's very interesting about this market opportunity for Argus is that about 35 percent of that $2 billion is domestic opportunity. The other 65 percent is international, and just as a reminder when we acquired Argus about 20 percent or a little bit higher than that of their revenue was already international focus.

So, we feel like we've got a good footprint in international. Wood Mackenzie will certainly enhance that, and our colleagues in the Financial Services space will be able to access some of that footprint.

But we think we are well on our way to starting to tap more and more of this market.

So, when you add it all up, we've got about $21 billion of addressable market and we've got a bit more than $2 billion of revenue today. The question that probably -- a couple of questions -- so the first question you will probably ask us is how fast can you get there and I would say that as we think about it there is two buckets here. One is existing solutions and one is new and developing solutions and markets. And I would say within this $21 billion there's actually a decent balance between those two so if we were to draw the line here, I wouldn't say that most of it is existing solutions or most of it is pretty well-balanced.

I think it would be pretty -- it would appear to be simpler for us to map out the growth trajectory for the existing solutions because you know you already have X customers and they are paying Y and you kind of plot that along. But the interesting thing about the new solutions is, I think that those have really an opportunity to grow much more exponentially. And what we are focused on when we are saying how fast can we go attack this market is, which of those we're going to put the most effort behind to kind of get that nice curve.

But it's important for us to work on both and I think when you think about the stability of the organic growth that we've shown you at Verisk today, it really has been because we're trying to balance both of those. We don't want to go all to one side, which is we're only about developing brand-new things that haven't yet been adopted, although we feel pretty good about that, given our customer relationships and development cycle or we are only doing what we do. We actually try to do both and, like many things, we have multiple levers to pull, which I think is good and will allow us to continue to grow.

So now, I'm going to turn over to M&A. Just starting on M&A. We are always driven by strategy. Scott talked a lot about the distinctives. When we were -- when he opened the day and those are a filter for us as we are thinking about the strategy for our M&A.

But once we get past that filter, yes, this is an strategy. It's an interesting market. It fits our verticals or it's in a big opportunity market. The valuation discipline is really crucial.

To talk about how we do that, what we do is we are focusing on cash generation. So we are looking at an asset and we're saying what cash can it generate?

So today, if you were to go back sort of through our history of M&A, our overall cash IR is 19 percent. When we're looking at individual asset we tend to start with a 15 percent hurdle rate but we do adjust that sort of up or down for risk. We are also looking at our IRR on an unlevered basis so what that means is cash out the door for purchase price. (technical difficulty) cash flows

so the free cash flow that will come in over time and then the terminal value of the asset.

When we are doing this 19 percent analysis for you in aggregate we are applying a 10 times terminal EBITDA multiple which we think is conservative. Clearly, it's under the multiple of some assets that we paid and as we look at some of the individual disaggregation you may have some questions and part of the impact on some of those is they are probably higher if you actually apply sort of the -- a true EBITDA multiple.

But we wanted to be sort of simple and take a simplistic approach to this and we do generate very good returns.

I would also say that if you were to look across our history of M&A, we have exceeded our WAC on all deals of size and how do we do that? We start with the discipline of the hurdle rate, the analysis, cash flow and then basically we are looking at assets that are growing very strongly, and we have a good track record of margin expansion. As we all know when you buy something, there's always variation in terms of how you think about what's going to happen and what actually happens in the time periods in which that happens, but I think we feel very good that overall our approach has led to a lot of consistency and performance.

So, a quick summary of acquisitions. This actually goes back to the 1990s. There's about $4.8 billion of deals so that's a little different than the number Mark showed you because he was looking at a shorter timeframe.

And this is a lens that we put on our M&A as we are examining it. We tried to take a lot of different cuts and say what's worked for us, what has been the better approach and if you've looked just by time period just in terms of dollars spent, obviously as you kind of go around the wheels, kind of starting at the bottom in the 1990s and then go around to the right, you'll see we've spent larger percentages of our dollars as we've gotten bigger.

So the relative size of Verisk going back to Scott's model of Verisk and what we try to do is basically generate cash flow, reinvest, generate cash flow. That wheel has been turning and that is what has led to us being able to invest more over time.

If you were to look down at the bottom left in terms of deal size could see we've done deals actually a variety of sizes. Obviously the biggest slice there greater than $500 million. That's one deal. That's Wood Mackenzie.

But we've done deals that are less than $25 million and some that are in $100 million to $500 million. And actually we did the analysis across each of these deals and said is there a size of deal that is more successful for us than not, and I would say that there's no clear pattern out of that.

So I think it really does come down to the specifics of the deal.

And then finally on the bottom right, if you look at it by vertical, again Wood Mackenzie because of the size you see there in energy, but if you were to look at the remainder of the pie you see actually a pretty good balance across verticals. So as we are looking, we are looking at all of our verticals to invest.

I would say that behind energy, insurance is our second biggest part of the pie. And we've been successful in the deals that we've found in that space.

All right, here is another cut. So, we looked at revenue for our acquisitions. What was the CAGR in the years 1 to 3 after we acquired a business, and then we also looked at the margin at the time of the business.

So what you see on the left basically is the vast majority of our deals have been greater than 5 percent revenue growth. And over half of them have been -- over 10 percent revenue growth in the first three years or higher. So, when we are looking for businesses, our model is we are looking for things that are growing but that are growing based on those distinctives and sort of the high-quality nature of the business.

You see that actually in the right-hand side, because you can see that two thirds or more of the businesses we've acquired have had 30 percent EBITDA margins or better. And I would say that if you also looked at our track record you would see that we basically -- even when we have those higher margins we are expanding this margins once they are on the Verisk platform. So, these are the things that are really driving the success of the M&A program.

We also took a look and said, OK, well, if we were to break it down by vertical, how did growth look? Across the three-year period, our acquisitions on average grew about 16 percent. If you break it down by vertical you see there is some variation but really we are looking at high teens, mid to high teens growth, in all of these different verticals. So again, that model has been consistent across verticals as we have moved forward.

All right. So I'm going to take a minute just to explain what this slide is because it's some bubbles and maybe some of you had turkey for lunch and are getting a little tired.

So, if you were to look at the Y axis here this is the IRR. So that's under the methodology that I discussed with you earlier. Unlevered IRR, based on the 10 times terminal. And the size of the bubbles are the size of the initial investment in deals including any earnouts when we had those.

So what we're looking is we're mapping basically the size of the deal relative to our WAC and also aggregating us into that average IRR. That average IRR is a summation of all the cash flows of all the deals so what this does is it disaggregates the deals. We did put together, for example, mortgage here is together so that was several deals but we put it together sort of in a bundle there.

So the takeaways from the slide are, really, if you look at our deals, the vast majority of the big deals -- or actually I would say all of the big deals are at, above our WAC and many of them are well above so there's a lot of consistency. You would see that sort of line on the center is just saying sort of a breakeven in terms of IRR, so there were a few small deals of that and one

deal on here which kind of fell below and had some specifics but really the takeaway that we look at this is the model we have for M&A work, it creates consistency.

We're not looking to buy 10 companies hoping that one is a home run. We are actually looking to make sure that we've got a good model built on the distinctives, with the right financial characteristics to continue to take that cash that we generate and reinvest to enhance shareholder value.

So with that, just a brief wrap-up, both organic and M&A are important to us. 8 percent organic growth over the history of five years. Average of that, 16 percent revenue growth for those acquisitions. The opportunities we have remain large and growing. It's a $21 billion market opportunity and we are looking to execute on that, as well as looking to deploy our capital in things that make sense.

Share repurchases. As Mark mentioned, those remain a viable alternative for capital deployment. We have spent $1.6 billion over the past five years returning capital to shareholders. So we're not single-minded in saying we just have to buy things. We're going to buy things that makes sense and we're going to buy shares one that makes sense as well.

And then, finally, I would just say that we believe we have reasonable flexibility as we are moving back towards that 2.5 times debt to EBITDA number. We've got some flexibility to continue on this path even within that time period and that's one of the beauties of our Company. We have great cash flow. We have great assets and we're just looking to find ways to optimize those really to deliver the returns to our shareholders.

So, with that I'm going to ask Scott and Mark to come back up and we're going to open it to Q&A.

Jamie Friedman: It's Jamie from Susquehanna. Appreciate these great slides.

Eva, I wanted to ask you about some of the ones between 95 and 100, specifically 97. If you don't know the number it's the one that shows the P&C markets, both the addressable market and the bar chart and the pie graph.

So, when you look at the light blue, I'm sorry, the dark blue, the opportunity that you have, the incremental opportunity, when I want to ask you what I want to ask you is, is that business occupied by a current competitor? Or do you see that as incremental opportunity of whitespace where the customer doesn't have any solution?

Eva Huston: I would say it's a mix. There's probably a small -- a smaller portion of it would be where there is a competitor occupying. As you know in many of our solution sets, our true competition is internal with our customers where they are trying to decide do we do it with an external party like Verisk or actually do they do it with Verisk or do we do it ourselves?

But it goes back to the comment I made which is the interesting thing about TAM for us is a lot of companies can say well, we have this marked slice of the pie. This guy has this, this guy has this and we are just going to go take market share.

Ours is more of a mix. There is some market share gain opportunity within that pie, but I would say the majority of it would be either our customers externalizing things they do to us, and also new things that they don't even know they need to do yet that we are developing for them.

Jamie Friedman: Just as a quick follow-up. In March, you had sized the direct premium market as about $550 billion. So if we looked at the $7 billion divided by the $550 billion, is that the way to think about the amount the industry spends on the solutions that you sell -- it's a little bit about a little over 1 percent.

Eva Huston: I think there are a couple of other things in there. I would say that using that measure is one approach but remember I also said there is about $1 billion in there that is not -- it's repurposing into other markets besides P&C. There is also some opportunity in there that would relate probably to international opportunities as well.

So I think you would downsize that $7.5 billion if you were just comparing it to the US P&C premium market.

Jeff Silber: Jeff Silber, BMO Capital Markets. I'm actually going to ask another question on one of Eva's slides. This one is, I think, it's 105. You had a great slide that looked at revenue growth by vertical for the first three years or so after you acquire a company.

If we are sitting here three years from now, where do you think WoodMac would fall on that graph?

Eva Huston: I don't think that's actually a question on one of my slides. I think you are asking Steve a question that somebody else asked earlier. You know, I think Scott will probably want to jump in here but I think we feel very optimistic in terms of the growth opportunities that WoodMac has.

Scott Stephenson: Yes, I think you hopefully can think the way that we think which is we are seeing into but then through the current environment, which is quite unusual. My expectation is that over the intermediate and long term, WoodMac will grow at or above the rate of the rest of the Verisk portfolio. That was our thesis at the time that we bought it, and we haven't seen anything that would change that view.

Sara Gubins: Sara Gubins from BofA Merrill Lynch. If you are able to keep the organic revenue growth in the ranges that you've seen over the last several years, should we expect CapEx to remain at relatively elevated levels or is there room for that to come down even at the sustained growth rates?

Scott Stephenson: Mark may want to jump in here and I'll just kick off by saying that, to a degree, there was a moment of in time quality to what we did with CapEx, beginning in 2013.

As Mark referenced, the software intensity of some of the things that we do has just gone up, which is actually good because that represents more value add for our customers. But there is a part of it where we had to sort of re-

platform some of the things that we do and there can be both a one-time and an ongoing dimension to that, but there is a degree of one time in that.

So our expectation is that our CapEx levels as a percentage of revenue will sort of settle down as we go forward but I do think that there is a new normal, which is greater than where we were in the period leading up to 2013. So it would be somewhere south of our peak but north of the levels that we used to run at.

And I feel very strongly confident that we have done the right thing by sort of re-platforming our business and just embracing the fact that for a lot of client-driven reasons, the software intensity of the business has gone up and should stay up. It's actually a good thing for it to stay up.

Anything you want to add to that, Mark?

Mark Anquillare: I think you got it. I think we can't commit to an absolute dollar amount, but as a percent of revenue I think we would continue to look for it to come down a bit.

Bill Warmington: Bill Warmington from Wells Fargo Securities. A couple of questions for you, if I might. The first is, you had a slide showing a revenue breakdown in terms of transaction being about 25 percent of revenue and healthcare being about 15 percent of revenue.

My question is how many percentage points of the transaction revenue are from healthcare. And then the second question was to ask if you could talk a little bit about the WoodMac pricing model for GEM. It sounded pretty unique in the industry meaning that it's not seats. It's not comparable equivalents. If you could talk a little bit about that. Thanks.

Scott Stephenson: Do you want to maybe come up and talk about -- we will give you time to come up to talk about the second one. I don't know if you all have the number straight off the top. I was doing some math in my head.

Mark Anquillare: So, I mean the healthcare business as we've described it has been historically about 80 percent transactional. So I'm not sure if I'm answering specifically a question, but because that's been about 80 percent transactional I think what you would find is the overall, it would probably -- meaning subscription would go up or transaction would go down by about 5 percent with or without healthcare. I think that's generally what happens.

Eva Huston: I was going to say it's probably like 80-20 if you took healthcare out, Bill, rough math.

Scott Stephenson: Over to you, Steve.

Steve Halliday: Easy question (multiple speakers)

Scott Stephenson: Yes.

Steve Halliday: We had to look at our pricing around two years ago. We took a philosophical approach where we decided to remove the complexity of sites and use those for the pricing. So what we actually have is open access enterprise. And we think that, philosophically, is the right way to be for our products which is to encourage usage, to encourage the relevance and therefore, you really are becoming embedded in the workflow. I hope that answers the question.

Bill Warmington: Any early read on (GEM 116 RA) pricing and do you consider some other verticals and how they are performing in the short term when you think about what type of pricing to put through in RA? Or is it just a function of the P&C insurance market and how it's performing and what kind of value you are adding?

Scott Stephenson: Let me take the second part of that first. The thinking that we do around RA pricing is in the context of where we sit inside of insurance overall. So, we definitely reference other things that are going on inside of our business.

But we are really optimizing for where we stand and how much value we create in that vertical so there's no sort of overarching can the pricing of our

ABA plug factor inside of our overall model for 2016? We do not think that way.

So it is more a function of where we think we sit with the customers and value that we've got there.

And Jeff, I didn't hear every word in the first part of your question. Thanks.

Unidentified Audience Member: Two-part question. First, I think we appreciated the sort of deep dive into WoodMac and I think we all sort of understand the long-term view that you're taking. But I think the pending question on most of the minds is still what happened last quarter, and maybe if you could talk about any changes or the same trends in the last month or two.

And I guess what we're trying to frame is, you know, how should we look at you know you said these are unusual times and it's obviously harder for us sitting back here. How to frame that downside or whatever you want to phrase it in 2016 for WoodMac.

And then the second part was just around the reverse case which is with Argus, with the media effectiveness, that one project sounded interesting but it sounds like that landscape is getting ready to adopt more and more of these. So, maybe a quick update on where you see the new Argus growth trajectory with media effectiveness in the year.

Scott Stephenson: Sure. So, let me just put a little context out there before I speak to WoodMac by saying that the experience -- so we had spent years relating and we had spent more than a year understanding on our way to becoming partners in business and now working together.

And my report to you overall would be that this business is actually better than I even thought it was. And I say that, based upon having gone out and sat across the table from dozens of WoodMac's most senior clients, and they tell a story about the connection to WoodMac which is really quite unique. In fact I hope that all of Verisk and I'm trying to choose my words carefully here -- all

of Verisk, it is as good as WoodMac in terms of its standing with its customers over long periods of time at multiple levels.

I'm not -- we have very strong customer relationships throughout Verisk. Some are stronger than others. These are among the strongest customer relationships we have.

So this is a very, very good business. And the level of expertise is remarkable.

If you watch the flow daily of intellectual property coming out of this business, it's pretty amazing actually.

So, all of that said, my simple view of what happened last quarter and what is characteristic of the moment is that you have the two sides of the revenue mix at WoodMac. You have the subscription product and you have the services.

Our customers have been laying off thousands of people. They've been borrowing money to pay their dividends. It's an unusual moment for the private entities in that market.

And in a world like that, it's natural for the customers to say, well, what's discretionary that I'm getting from the third party? You saw a 98 percent retention on the subscription product so apparently those aren't discretionary. But the services that we provide, which help the customers interpret all the intellectual property, to a degree they have found that they can defer and that's essentially what happened.

So, I feel very encouraged by the way I want to call it the core of the business, so I want to be careful about that because the services really are very important. But where most of the revenue lies has actually done well in this time period.

And that's the factor which swung in the third quarter and we are just watching that very carefully as we sort of move from quarter to quarter to quarter.

I expect WoodMac to grow in 2016. We'll see where the turn comes and I'm sure that our business will respond when the turn comes.

Sam Harvey: I have a question. I'm Sam Harvey, Harvey Investment Company. This is a little more detailed on the CapEx. I guess in 2012 it was $75 million and it was $70 million more the next year. I guess I have a number of questions related to that.

Was most of that, being as it was software I presume being written and worked on, was that mostly people cost just you know compensation that people got paid? And since most of it was project-oriented it sounds like from what Scott said how do you ramp that back because somebody made $70 million more and project is over. How do you ever get that back to a more sensible level and how do you measure the IRR when you're dealing with software?

Scott Stephenson: You want to start?

Mark Anquillare: Yes. So your method's exactly right. Let me give you the piece parts to some of the growth. If I was to think about the internally developed software, and in part some of the hardware and software of third party necessary to support the new products, the big growth items between 2012 and 2013 would've been healthcare. We tried to take all of the healthcare assets and put them on one platform. That was a very big re-platforming effort. Touchstone, which is inside of AR Models, we are in a race with RMS, a competitor. I think we are winning and we continue to win. We want to stay ahead and third part is inside of Xactware we brought out the next release of a big software solution.

So those are the big items. The other thing I will highlight, we have also moved a big facility in the Salt Lake City area. What we were able to do is move some of our Xactware employees, as well as set up a Western data center into which we started to consolidate a lot of different data centers and save some money down the road.

That was about a $10 million type of non-IT spend. So those of the piece parts and what you've seen since 2013 is basically a leveling off of that CapEx for those businesses. It was $147 million and it remains about $150 million over what is 2014 and 2015. Hopefully that was the first part of your question.

Second part of your question, as I remember it, I think what we find is when we do project development work, as you described, usually it's somewhere in the neighborhood of a one to four or one to five. I need for people are so to build and then I need about one to maintain when it's done. So, what we do is we try to manage for that.

Two things happen. First of all, we do use some third parties which are development resources. Maybe, overseas to support the effort, so we can quickly turn it off. Two, in large part, some of the re-platforming that does happen, we can sunset the older products. That helps us but at the end of the day, typically, we do have a little bit more cost on those new products because you have to support the new products so I think we've managed that pretty well inside the margin that you saw in both 2014 and into 2015.

I think the final question, which is a good one is, how do you now measure the effectiveness? I think what we tried to do is inside of new product and new product development. We have that same 15 percent hurdle rate when someone says they want to build a new product for us and see how we do.

In some cases like we're re-platforming. Some cases where we are upgrading, a little tough to see the economic benefit. It's tough to measure it. I could tell you it's there because we've seen growth as an example in ARR. Clearly seen growth in Xactware.

Our return on invested capital has been very strong. So I think these are some certain metrics that we watch for. So hopefully that was responsive. I don't know

Scott Stephenson: Quarterly, we look at the performance of the individual projects.

Arash Soleimani: It's Arash with KBW. You had mentioned earlier that the US insurance market has a tradition of data aggregation unlike any other market so my question there is on the international front. How do you overcome that challenge if you will if it doesn't have the same tradition?

Scott Stephenson: Yes, basically it's sort of my Australia example. Earlier in the presentation -- so, basically it's taking the method of finding local content and the content may not have been assembled as highly or as deeply as it is in the United States. So we had to think about which of our solutions can we get started on less data than we would be using in the United States and I think a good example is Xactimate, where we are doing estimating on repairing structures and essentially what we need are the cost factors only as opposed to, say, some of the other things we do in P&C where we've actually got the insurers telling us what was their actual loss experience per dollar of premium.

We'd love to get there, but we are unlikely to start their so it's a question of which data sets are more in hand and how do they relate to the methods we've already got? And that is the way we'll go about it.

Arash Soleimani: Thanks. And my second question in terms of the subscription fund WoodMac, as you add more clients, I think you said you could quadruple basically the number of clients should -- would most of those clients represent subscription clients or more kind of transactional clients? What's the way to think of the subscription mix?

Scott Stephenson: I don't know -- do you want to holler an answer?

Steve Halliday: (inaudible ? microphone inaccessible)

Scott Stephenson: So, Steve was saying that the observation about increasing the customer base at WoodMac related to the same kind of subscription-oriented business as the business we do today.

Andrew Steinerman: Mark, it's Andrew Steinerman at JPMorgan. My basic question is I listened to the commentary about margins. I looked carefully at page 24. High incremental margins, room for reinvestment but when you pull it all together,

are margins going to go up from 2015 levels or stay the same? Because and I'm talking about with the current portfolio not considering healthcare optionality because I believe the stated medium-term margin goal is still (45 to 47) which would actually mean that they trend down from here. So will margins trend up because of high incremental margins?

Mark Anquillare: First of all, we recognize that we are above the range. You are probably going to congratulate us for that. Thank you.

I think we feel good about our business. We think there is operating leverage. We think EBITDA will grow faster than revenue in the long term.

Unidentified Audience Member: Hi. He took the margin question but I wanted to ask you a question about any new verticals or opportunities in verticals outside of your present set. Are we to think that the acquisition activity has absorbed what you currently have and build off of those verticals that you have, excluding the commentary around healthcare? Or is there anything on the table that you are looking at right now and something that might step out of your typical shell? And if you could share any color about anything you are potentially looking at, that would be helpful.

Scott Stephenson: Our emphasis is on the size of the markets that we are facing. Eva's presentation, there -- there are a lot of customers globally that we don't serve today and there are solution sets inside of the verticals that we do serve today, that we are either not in at all or we are in, in only preliminary ways. So that is where most of our focus would be.

Were we to look in another vertical, hopefully one of the things you've heard today is that the logic of our Company is very strongly directed towards the four directives or the four distinctives -- excuse me and those five core competencies. And so that is a very tight filter.

And you can look at the M&A performance and take from that that we are going to be very picky as we look at things going forward. But the primary focus for us is where we are. Because there is a lot of room to run yet.

Saying that, by the way, there are themes around what we do like media effectiveness. Some people would call that a different vertical. To us, that's an extension of what we do or the repurposing of imagery analytics into other places. Supply chain thinking. Some people would call supply chain a business unto itself. We are trying to tie it to the verticals where we are already doing business.

So, there's a lot of room for things that are different, but they do relate to the verticals we are already in.

Unidentified Audience Member: Would your optimism for Wood Mackenzie's long-term growth change if we are in a lower for longer for some extended period of time for the price of oil and natural gas?

Scott Stephenson: Yes, well, you know, there is -- I guess I would give two answers to that and, Steve, I certainly would invite your comment. The analog for me is our own performance in a different vertical, which is insurance. So there were four years running which ended three years ago where, four years in a row, premium volumes are down in the United States. P&C insurance industry. Our business grew nicely.

And my point here is that one of the ways to understand our business is that it tends to be supply-driven more than demand driven. It's -- I would love it if we could create very clean waterfall diagrams which start with some demand factor and end up with our fraction of this and price assumptions and what revenues are we going to have.

But, in reality, a lot of what we sell is what we invent basically and that will be true in the future as it is today. So, I just wanted to say that by the way of context.

When I think about the energy space, I think what is necessary is that our customers are simply healthy enough that they can sort of think about the future. That they are not feeling the need in the moment to cut discretionary

spending, etc. and that is an environment which is the environment that normally applies and is not anywhere close to $100 a barrel in terms of oil.

So, obviously, this is a tough moment for the industry participants. But there are a whole variety of conditions which are well south from peak oil prices where they are fine and we are fine.

Unidentified Audience Member: Mark, just a question on cash flows. Are there other low asset-intense, high subscription businesses tend to run free cash flows anywhere between 130 percent to 180 percent of net income. I know your business is a little bit different from those but you haven't reached 100 percent since 2012. I know the CapEx dynamics have played a part in that.

I'm just wondering if you have a target sort of conversion percent in mind over time and how you expect to get to that.

Mark Anquillare: I think what we've typically historically pegged to is EBITDA. We think EBITDA is a reasonably good proxy for cash flow. So we've typically tried to think about generating about 60 percent of EBITDA into cash because of basically taxes being in there so I think we are in pretty good shape this year. I do respect that 2013 with the uptick in CapEx that down to closer to 50 percent.

Eva Huston: And I would just add, remember, Mark mentioned taxes. We've done this analysis a lot and one of our questions is always how do we convert more. And there is an element we just have although it's coming down have had a higher tax rate than any of these other businesses. So I think when you analyze the differences, you'll find that that's a big driver of it.

Unidentified Audience Member: So I guess between the tax dynamic you described, the CapEx on average you talked about already and potentially the tweak upward in the subscription mix, you should see conversion trend up a little bit between those three dynamics over time, I would think.

Mark Anquillare: If cash flows are growing faster than revenue, I think it would trend up from an EBITDA and from an EPS perspective. I think that's right -- or from a net income.

Unidentified Audience Member: I have a couple of follow-up questions, just getting back at the uniqueness of the Wood Mackenzie (CorEnergy) offering. So, first of all, you described this unique data asset but what I've read this morning is that there is also an interpretive element in that with the research component or however, it's -- so our -- what does the mix of the business look like in terms of clients using the data and the analytics to help them figure out where to invest and how to make better decisions versus buying research that is interpreting this access to this unique data or whatever that might look like, whether you are selling it to the buy side investors, or the people are using the research to attract energy markets or whatever it may be?

Scott Stephenson: I might ask you to restate the question but it sounded like what you were trying to get at is how many of our customers are making investment decisions, asset-based decisions, based upon all of the content and services versus those who are like referencing it but using it for different purpose?

Unidentified Audience Member: Yes, just trying to get a sense of what the core product and product mix actually looks like because you talk about the uniqueness of the data but then there is also this element that people are looking at our research and what we think of these certain markets or whatever it may be.

So I'm trying to understand like what is the core product mix that is being sold? Is it the data and the analytical tools or is it the research on energy markets that seem to be a bigger element than I really maybe understood?

Scott Stephenson: When you say the research on energy markets you mean the way that supply and demand are resulting in price at the moment or --?

Unidentified Audience Member: What comes through the portal and the research that you described that people consume.

Eva Huston: I was just going to suggest I think maybe some of the terminology with research and analytics is getting a bit confusing. So (multiple speakers)

Steve Halliday: (multiple speakers) is that you've got this what we describe as a whole range of tools and services, it's over 60 that we brought together into the portal. So partly you got so many user cases, so many workflows that we model but a little bit it's in the eye of the beholder.

The core of Wood Mackenzie, the historic core, is very much the upstream information that Mark described which is asset- and valuation-intensive. What we've been done is use that as a base to flow into energy markets analysis and into the value chain.

If you are looking for a direct split, I mean you know you've still got the strong upstream core which would probably be in the majority and then you got all of these other workflows that are developing as people deal with the environment. So it's not -- you've asked a very big question and a multifaceted one so it's quite hard to come back and say it's X or Y based off of what you said. All I could suggest to you is subscribe to all of Wood Mackenzie's research and find out for yourself. (laughter)

Scott Stephenson: I guess one picture I would give you and, Steve, tell me how you feel about this but you were upstream in what you are saying. I think something that you get from Wood Mackenzie that is really -- and you can do a lot of different things with it is an up to the moment picture of the global supply curve. And that supply curve is very dynamic for all the reasons that were described earlier today. The capacity of any given asset can change. There's what's coming online, how fast is it coming online how fast is it coming online? How productive is it? Out-of-the-box how productive is it one year in, etc., etc., etc.

But if you can just kind of visualize a robust dynamic view of the global supply curve, that becomes just -- that's hard to do and extremely useful and you can make a lot of different decisions based upon that. You can make portfolio decisions. You can make decisions about individual assets. You can make decisions about whether you want to buy a company, whether you want to sell a field, etc.

Unidentified Audience Member: This relates to Mark's question some, but the -- maybe that's the same -- maybe to ask a question that's similar, could you just describe what percentage -- could you provide an estimate of what percentage of WoodMac's revenues come from offering macro-related products rather than micro-related products? Sort of macro being the world supply and demand environment and then micro being a specific well or a specific asset that an oil company is trying to value. Thanks.

Scott Stephenson: If I was to just measure the flow of content that comes out of WoodMac on a weekly basis, so I am a subscriber to all of the stuff that Steve was talking about, the vast majority of it is not a global perspective about anything. It's about an asset or a region or a company -- a specific company, etc.

Unidentified Audience Member: Is the reason your subscribers subscribe to WoodMac, was it in order to get a better sense of the macro environment or more to get a better sense of how much of a data specific to a field or data specific to a well?

Scott Stephenson: I find it hard to pull that apart, actually.

Steve Halliday: The fact is what you're describing there the answer is both. We're not -- you would have to go into the users analytics to get to the heart of that. Because remember that when you are looking at your asset analysis that is drawing down on the analysis of markets that do entail all of the assumptions that go into that piece of research.

So the two are directly connected. But, I was just looking back at the presentation which was on slide 33 which is, what we are going to the heart of is one of the features -- which functions are doing what tasks and what are they actually trying to do? That's what you are going towards. You are trying to get under the skin of well, what creates this drive in usage and, again, you go back to the range of different types of clients we have and if you are asking a buy side investor, well, who is making decisions on which stock to hold, if you are talking about an oil and gas industry player you are looking at

competitor analysis. You are looking at asset screening. You are looking at effectiveness monitoring.

There's a whole range. You've got to realize that the breadth of what WoodMac is doing is really substantial. You've got to get into the different types of clients and the different parts of each client to really get to the bottom of your question. So the answer to your question is it assets or is it insights? It's absolutely both.

Eva Huston: OK. I think we have time for one more question.

Unidentified Audience Member: OK, so Scott you called out earlier in the day organic growth and margin has two of the key financial metrics you are looking at. I'm wondering what other financial metrics you are focused on and where the variability in those metrics come in that could drive sustained higher growth as you've seen in recent years.

Scott Stephenson: I mean, the other pieces in the stack and you are on financial metrics, right? Because there's a whole series of operating and capabilities that (multiple speakers)

Unidentified Audience Member: Actually I was meaning operating and financial metrics. So --.

Scott Stephenson: Oh, there is a number of important operating metrics so, we talk about organic growth a lot and so organic growth can be observed in terms of the overall outcome. But to me equally, as we go business unit by business unit, each of them have their own agendas in terms of what's being developed, how much of a difference is that supposed to make? We watch that very carefully so we know how much revenue related to innovation -- something new, something invented, we are looking for each year, we watch that very carefully.

We watch the accretion of achievement, relative to the three levels of innovation that Mark talked about so, product enhancement and process improvement. So, what has been committed to and what is the performance

like against those. We pay close attention to net promoter scores. We really care how our customers (technical difficulty) in demand in other places. We look at our new sales productivity.

So that which is new in the pipeline we have goals for that each year and we see how we are doing, relative to that. Mark talked about the productivity measures. That's a very good first approximation of whether or not our margins are likely to go up because such a large fraction of our cost structure is our people so we look at productivity. And a new metric that we care about a lot is how much of our mix is coming from the non-domestic market. We consider goodness to be that that number goes up with time. So that would be some of the others.

Unidentified Audience Member: Just one follow-up. In terms of the pricing decision-making within the Company, where are pricing decisions made and how key is that to your evaluation of Company performance?

Scott Stephenson: Well, price is going to be a part of the mix. And the thing that will cause us to be the most highly performing company over long periods of time is delighting our customers. So while price will be in there, price realization has to be considered carefully against all the other things that we are doing and that are going on.

There are -- there is one part of our business which is essentially they are a part of our business although the -- what I'm describing bleeds over a little bit into DA but basically there is a moment in time when we set the prices for that part of our business we did that last month.

Mark, that's 35 percent of what we do? 30 percent of what we do?

Mark Anquillare: Correct.

Scott Stephenson: So we did that one there where there is extreme steerage of that from the center but the rest of it is really going to be in the hands of the product owners inside of the business units and what we are tracking there is the overall result,

not -- we will certainly observe on the pricing point. But, that's part of the leadership that we are looking to our people for when they are running the businesses for us.

Eva Huston: All right, well, thank you, everybody. We really appreciate your attending today. We'll have the product demos open for another half-hour. We'll be around if there are any additional questions and thanks again.

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