



# WINDWARD



## Financial Markets Entry Strategy

### About Windward

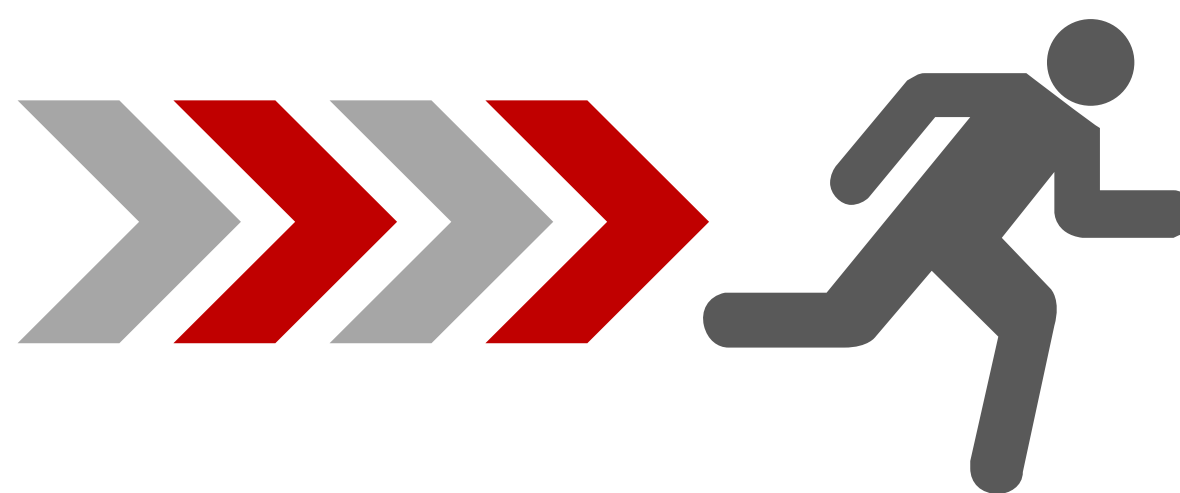
Windward is a maritime data and analytics company that provides real time shipment analysis, with a platform that offers a transparent view on vessel movements around the world for government and security purposes. Founded in 2010, it has raised \$15.8 million in funding.

### Project Overview

Windward would like to expand into the Finance sector, offering more timely and accurate oil flow data than what is available to the markets today. Our team evaluated potential customers, existing competitors, and product development strategies. We concluded that hedge funds, research analysts, and commodity traders were an ideal beachhead market for Windward, since they would derive the most value from the data and can help Windward become the accepted consensus for oil flow data.

### Executive Summary

#### Market Focus: Futures Traders



#### Methodology

Primary Research: Interviewed 6 professors, 3 trading professionals, 2 competitors

Secondary Research: 1,000+ report results on Thomson One

#### Findings

Finance industry uses import data

Different players have different WTP

Predictive power matters

### WHAT THE EXPERTS ARE SAYING...

**"Windward needs to DETERMINE WHAT THE DATA PREDICTS, then maybe target 1-2 hedge funds for exclusive access."**  
Simon Johnson  
Sloan Head of Global Economics and Management Group

**"A great monetization strategy is to TARGET A FEW INDIVIDUAL HEDGE FUNDS."**  
Roberto Rigobon  
Sloan Professor of Applied Economics

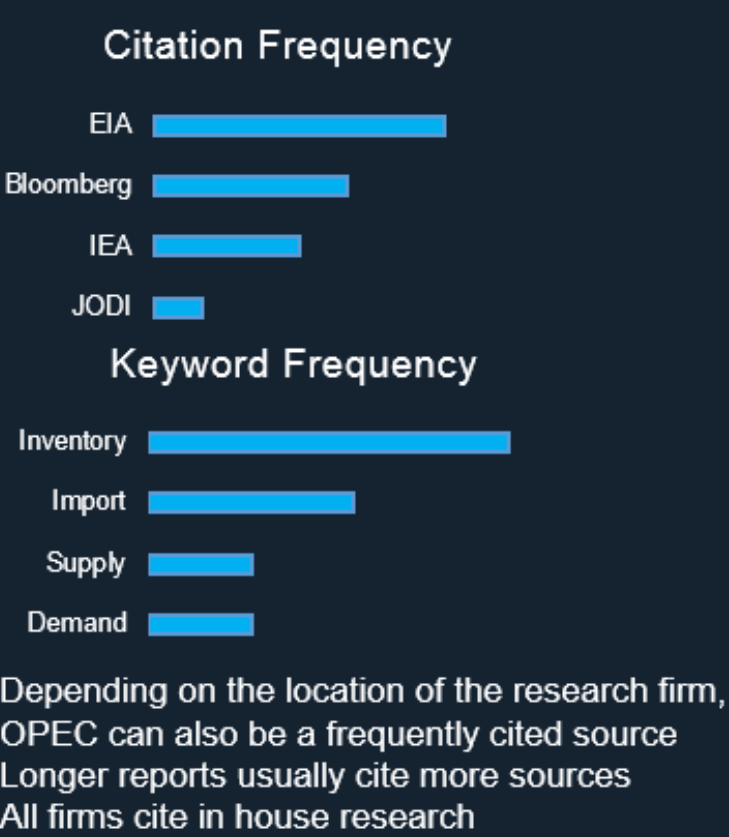
**"In oil trading, SPECULATORS ARE KEY, but they do not care about Supply and Demand."**  
John Parsons  
Sloan Head of MBA Finance Track

**"Make sure that the company proves HOW THE DATA ADDS VALUE for its customers."**  
Henry Marcus  
MIT Professor of Mechanical Engineering, Shipping Legend

**"There is great potential here to target HIGH FREQUENCY TRADING FIRMS, Commodity trading advisors, and commodity trading operators (CTO). The company needs to BUILD CREDIBILITY with the investment community by producing a white paper."**  
Andrew Lo  
Sloan Professor of Finance

**"Ultimately develop a trading STRATEGY BASED ON TESTED DATA."**  
Mark Krizman  
Sloan Finance Professor, Founder of Windham Capital

### DATA USAGE



### POTENTIAL CUSTOMER – BUY SIDE

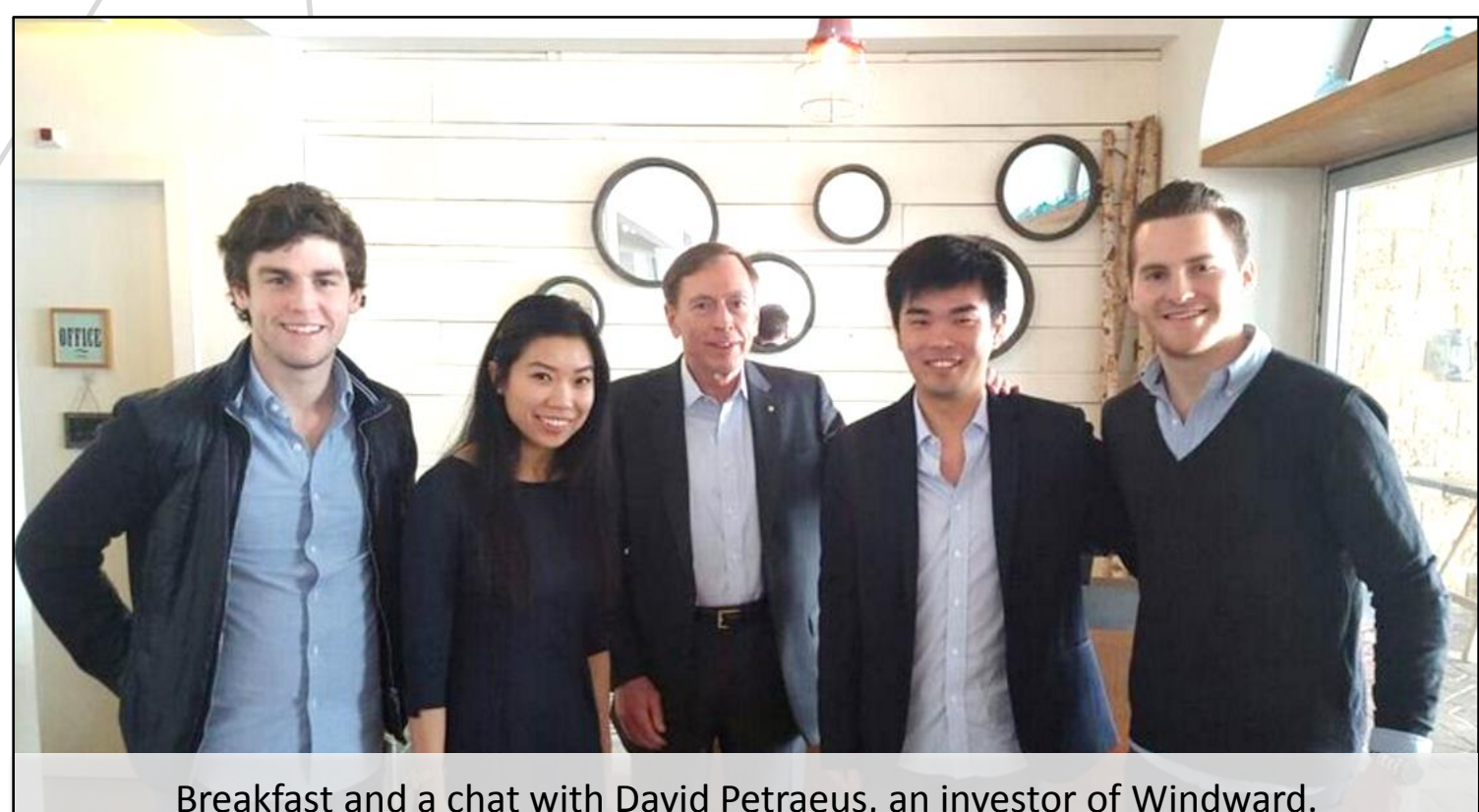
<p><b>HIGH LEVEL</b></p> <ul style="list-style-type: none"> <li>Have simple models, longer-term holdings</li> <li>Weekly data is sufficient</li> <li>Use flow data to improve existing trading strategies</li> <li>Evaluate oil irregularities and sporadically trade</li> <li>→ Little added value, low willingness to pay</li> </ul>	<ul style="list-style-type: none"> <li>Prefer daily/intraday data</li> <li>Would like to use flow data as a proxy (correlation) for another number that could feed into a more complicated model (GDP, oil inventory, etc.)</li> <li>Requires backtested proof of prediction ability</li> <li>→ This should not be an initial focus</li> </ul>	<p>MANY PLAYERS, LOW PRICE, MUST BE EDUCATED</p>
<p><b>TACTICAL</b></p> <ul style="list-style-type: none"> <li>Prefer weekly/high frequency data</li> <li>Use flow data to spot major irregularities</li> <li>Trade using less sophisticated models</li> <li>Focus on physical flows, may prefer report</li> <li>Great understanding of oil industry</li> <li>Prefer exclusivity</li> <li>→ Small market, low willingness to pay</li> </ul>	<ul style="list-style-type: none"> <li>Use high frequency, unstructured data in very complicated models</li> <li>Trade in high volume on minor arbitrage opportunities</li> <li>Very secretive, difficult to approach, prefer exclusivity</li> <li>→ High added value and willingness to pay</li> </ul>	<p>FEW PLAYERS, HIGH PRICE, UNDERSTAND OIL INDUSTRY</p>

Start-up Nation tells the story of the rise of entrepreneurship and tech innovation in Israel, which our team witnessed first-hand during Israel Lab. Prior to our trip to Tel Aviv, we worked with our host and Sloan Alum, Rotem Abeles, to learn more about the founding and growth of this five-year-old start up that began with an idea to provide greater transparency into vessel movements around the world. Given the fragmented and unreliable data available, Windward found a great opportunity to help government agencies identify suspicious and threatening vessels through accurate identification and monitoring of patterned vessel movements.

While I-Lab gave us a great opportunity to experience start-up culture, it also deepened our understanding of Israeli culture. Stigmas and our own preconceptions pinned Israelis as extremely open, direct, sarcastic, and technologically savvy people. To a large degree, this seemed true, but like any other nation, there is great diversity in Israel, too. We also visited Yad Vashem, Technion, and Old City Jerusalem. All were unforgettable experiences that demonstrated the importance of the Israeli state in the global community.



A gift for our host, Rotem Abeles (Sloan Alum 2014).



Breakfast and a chat with David Petraeus, an investor of Windward.



Taking an office break with a game of Stormy Seas.



Lunch with one of the co-founders of Windward, Matan Peled.

