

Venerable Indie Boutique Battle Road Research Hangs Tough

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Ben Z. Rose has been following mid-and small-cap technology stocks for over thirty years, most of that time as the head of independent boutique Battle Road Research. As many US boutiques have quietly added investment banking, Battle Road remains doggedly independent. The firm recently launched a new [website](#) highlighting the firm's rejection of investment banking. However, it remains unclear whether large investors care much about the issue.



Rose spent his first decade as an analyst covering software and internet stocks for small Boston-based investment banks before deciding to launch Battle Road Research in 2001. The internet bubble had just popped and Eliot Spitzer was busy subpoenaing the texts and emails of analysts such as Henry ("Yes, it is a POS") Blodget. The following year the Global Research Analyst Settlement collected \$450 million from ten investment banks earmarked for the purchase of independent research to supplement their in-house research. Battle Road was one of the beneficiaries of that largess. It was a good time to be independent.

Twenty years later, few independent boutiques are left. Telsey Advisory Group (founded 2006), Wolfe Research (2008), and Zelman & Associates (2009 – now part of Walker & Dunlop) all added investment banking. MoffettNathanson (2013) sold to SVB in 2021 (and is now on the block again). Battle Road covers twenty technology stocks in the software, internet, EV and manufacturing tech sub-sectors, producing around 90 reports per year. The firm also offers a monthly IPO service that tracks the valuations of current and past IPOs in the tech sub-sectors followed.



Our Take

Independent boutiques like Battle Road Research became popular twenty years ago, after rock star analysts like Blodget and Jack Grubman touted over-valued stocks to please their

banker colleagues. But even in their heyday, fundamental indie boutiques represented less than 10% of the monies spent on research.

Bank research remains skewed to the positive. Despite falling markets in 2022, bank analysts averaged eight buy recommendations for every sell during the year, according to our analysis of Investars data. Buy-side analysts and portfolio managers have become inured to the bias and have funneled an increasing portion of their research payments to banks, especially the very largest. Nevertheless, doughty indies like Battle Road persevere as voices crying in the wilderness.

ABOUT AUTHOR

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