
Integra 5-Year Industry Data Compared to RMA Annual Statement Studies

Of the three Integra products that MoneySoft is distributing, the most robust is the 5-Year Industry Data, which is comparable to RMA Annual Statement Studies, which MoneySoft will continue to offer. Because the two databases provide similar information for benchmarking performance, we've prepared this article to highlight the key differences between the two data products.

While RMA data comes from banks, the Integra benchmarking data comes from a variety of sources including the IRS. As a result, the Integra data is collected from a larger universe and includes more sample companies and data points for each SIC and sales range. As a result, there will be more industries covered and a greater number of companies included in each industry.

However, from a valuation analyst's perspective, because RMA collects its data from member banking organizations and has very clearly disclosed formulas (tried and true), the data may be preferable in contentious settings because of the superior documentation. In addition, RMA has been providing Annual Statement Studies for 85 years.

Since the source of RMA data is member lending institutions, the sampling of their data comes from bank customers who have submitted their financial statements as part of a loan request. This does tend to skew the data to companies who have or are seeking commercial loans. The Integra data is from a broader universe, with the major part of the data coming from the IRS. So, it could be argued that tax data is more representative of the "norm."

Another important distinction is that IRS data is based upon tax returns whereas the financial statements submitted from RMA member lenders may be based upon statements that have been prepared under GAAP. There is no way for an analyst to reconcile the differences based upon accounting practices. This would suggest that RMA data could be more reasonable when analyzing GAAP statements, while Integra data would be appropriate when working from tax returns.

Integra does not impose a restriction on a user's ability to publish its data in reports submitted to third parties. Since RMA data is collected primarily to facilitate commercial lending, the RMA data does come with a restriction that it be used for "in-house" purposes only. So, a consultant or analyst that is preparing reports that are for third-parties (outside distribution) must obtain a separate "right to publish" license from RMA that allows them to use the data for one year. There is an additional fee of \$139 for this "right to publish" license that can be obtained directly from RMA.

As of this writing, the fiscal year closing date for the just released RMA data is June 2005 to July 2005. Since Integra data is harvested from the IRS, it tends to lag as a result of the additional time taxpayers have to file their returns (after extensions) with the current data having a fiscal year closing date of June 2004 to July 2004. However, the Integra data is updated four times per year, so the Integra data catches up with RMA with each update.

Finally, in some cases, the best solution is the one that is most likely to have benchmarking data for the specific sales-size and industry or SIC that you are evaluating. With its larger sampling of data, the Integra Five-Year Industry Report is more likely to have the data you need.

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Quick Comparison of RMA Annual Statement Studies and Integra's 5-Year Industry Data (As offered by MoneySoft)

| <u>Factor</u> | <u>RMA</u> | <u>Integra</u> |
|----------------------------------|---|--|
| <i>Sample Size</i> | <i>190,000 in 2005-6 edition</i> | <i>4,500,000</i> |
| <i>Industries Covered</i> | <i>702</i> | <i>900</i> |
| <i>Number of Years</i> | <i>5</i> | <i>5</i> |
| <i>Sales Ranges</i> | <i>6</i> | <i>13</i> |
| <i>Ratios</i> | <i>19</i> | <i>60+</i> |
| <i>Data Source</i> | <i>Member Banks</i> | <i>Mostly IRS</i> |
| <i>Data Obtained From</i> | <i>Prospective Customers (Borrowers)</i> | <i>Tax Payers/Filers</i> |
| <i>Likely Format</i> | <i>Financial statements</i> | <i>Tax Return Forms</i> |
| <i>Updated</i> | <i>Once a year</i> | <i>4 time per year</i> |
| <i>Fiscal Year Closing Dates</i> | <i>April 2004 to March 2005</i> | <i>July 2003 to June 2004</i> |
| <i>Pricing</i> | <i>\$395 for entire database</i> | <i>Reports can be purchased individually or by subscription</i> |
| <i>Right to Publish</i> | <i>Additional \$139/yr. with separate license from RMA directly</i> | <i>Included</i> |
| <i>Data Delivery</i> | <i>Desktop Application with CVPro and DSP</i> | <i>Internet Download in PDF & XML format for import into CVPro and DSP</i> |