FactSet Revere Business and Industry Classification System (RBICS)

Data and Methodology Guide

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What is FactSet RBICS?

FactSet RBICS is a comprehensive structured taxonomy designed to offer precise classification of global companies and their individual business units. FactSet RBICS leverages the in-depth industry classification knowledge gathered by FactSet Revere over the last 13 years of refining its patented FactSet Revere Hierarchy™ industry classification product. At the lower levels, the patented bottom-up approach of classifying companies according to the products and services offers unpreceded level of precision and granularity. The top levels' market-defined approach, widely accepted by the investor community, is introduced to group companies based on performance characteristics and stock co-movement.
FactSet RBICS is offered through four subsidiary products – RBICS Focus, RBICS with Revenue, RBICS with Tradenames and RBICS Extended Universe – Industry Group.

- **RBICS Focus** offers a single-sector mapping of about 48,000 of the most liquid and publicly-traded companies based on their primary lines of business; it uses revenues as the key factor in determining a company's primary line of business, by mapping a company to the lowest-level sector from which it derives 50% or more of its revenues.

- **RBICS with Revenue** offers a multi-sector mapping of about 46,000 of the most liquid and publicly traded companies; the revenue percentages associated to each reported business segment are standardized into the most granular sectors of the RBICS taxonomy.

- **RBICS with Tradenames** offers a multi-sector mapping of about 48,000 of the most liquid and publicly traded companies' products/services (a.k.a. Tradenames) associated to each line of business; one tradename can be designated to multiple sectors.[1]

- **RBICS Extended Universe – Industry Group** offers single-sector mapping for over 3 million private and public companies on a current-only basis through four levels of the RBICS taxonomy

The RBICS matrix structure is fourteen-by-six. It consists of twelve anchor industries and two specialty industries, each with additional and incremental detailed layers of sub-sectors - Economy, Sector, Sub-Sector, Industry Group, Industry, Sub-Industry - with a total of approximately 1,400 sector groups, enabling a greater degree of accuracy in capturing the specialty sectors of the global markets.

Historical data is available since 2003 for U.S. coverage and since 2011 for International coverage.

What are the Benefits of RBICS?

As markets become more integrated, industry sectors increasingly interact across global markets. FactSet RBICS is a stable taxonomy that is systematically adjusted to accurately reflect changing global economies, and historical mappings affected by structural changes are standardized in new RBICS versions. FactSet RBICS revolutionizes the profiling of companies from single-sector to multiple-sector categorization, revealing a more robust picture of companies' primary and ancillary lines of business with quantified sector exposures and concrete products/services information. As a result, FactSet RBICS allows for unprecedented visibility into global companies and the specialty sectors in which they compete. FactSet RBICS creates a more consistent and detailed framework for investment research, risk management, stock selection and portfolio creation.

- Offers a precise multi-sector categorization of global companies to create a more robust framework for financial and economic analysis.
- Defines accurate peer groups and multi-industry competitors based on company's detailed product offering.
- Helps investors discover alpha and model risk exposure by fully understanding the businesses of companies.

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[1] Coverage stats for all three subsidiary products to RBICS are as of February 2019

- Allows bankers and sell side analysts to increase efficiency when generating thematic ideas for clients and analyzing company details.
- Enables targeted screening and peer comparison across public and private companies (RBICS Extended Universe)

Data Compilation

To overcome disparate and non-standardized company disclosure, FactSet created a normalized global industry classification structure consisting of a fourteen-by-six matrix (Figure 1). Standardized industry definitions are applied to companies globally. Only primary sources of information disclosed directly by companies via regulatory filings*, investor reports and company press releases are used. FactSet Analysts are specialized by industry vertical and trained to interpret information in a consistent manner and input them into a specialized Java-based data management system with built-in quality and error-checking features.

FactSet monitors data quality using a combination of system and human quality controls. FactSet utilizes technology such as an internally developed document reader with customizable searching and translation tools to augment the data collection and review efficacy. Ultimately, the information quality results from the patented taxonomy and the well-trained analysts following the methodology yet exercising sound judgment to ensure collection of material data and proper assimilation of the information in order to generate unprecedented visibility into companies and markets.

Please see Appendix A – RBICS Extended Universe For private companies covered in our RBICS Extended Universe group, please see Appendix A for additional details on the data collection process.

Figure 1: FactSet RBICS Normalized Industry Classification Structure

RBICS Level	Item	No. of Groups
Economy	ECON	14
Sector	SECT	36
Sub-Sector	SUBSECT	105
Industry Group	INDGRP	316
Industry	IND	759
Sub-Industry	SUBIND	1,603

Descriptions of the top level 12 Economy sectors:

ID	NAME	DESCRIPTION
10	Business Services	Services targeted toward businesses, including administrative, support, janitorial, and professional services
15	Consumer Services	Services targeted toward individuals, including accommodation; food and beverage retail; gaming, arts, entertainment and recreation; and television, radio, film, and print media
20	Consumer Cyclicals	Products targeted toward individual or household use, including apparel, toys, school and art supplies, and electronics; motor vehicle sales and rental, and automotive parts and services; building materials, garden supplies, furniture, appliances, cabinetry, window treatments, and carpets

ID	NAME	DESCRIPTION
25	Energy	Oil and gas exploration and production, pipeline transportation, refineries, and oil and gas equipment and services; leasing, mining and processing of coal and coke; uranium, radium, and vanadium mining
30	Finance	Financial products and services offered by institutions involved in banking, insurance, investment, specialty finance, and real estate
35	Healthcare	Products and services that are designed, developed, and utilized in the promotion of health and well-being, including medical services, health plans, medical devices, and biopharmaceuticals
40	Industrials	Products and services for industrial use or with applications in aero-space, defense or security; transportation, construction, and related infrastructure; or farming, including equipment and machinery manufacture, wholesale, rental, and distribution and related support activities
45	Non-Energy Materials	Basic and intermediate material products, including non-energy mining; forestry, timber logging, and lumber production; and chemical, plastic, paper, metal, and textile manufacturing
50	Consumer Non-Cyclicals	Products targeted toward individual and consumer needs, including groceries, beverages, health and personal care items, kitchenware, decorative items, and household cleaning products
55	Technology	Semiconductor, electronic, and optics based products and related software and services that directly or indirectly facilitate the creation, transfer, storage, manipulation, or interpretation of data, audio, and video
60	Telecommunications	Services designed to promote or enhance transmission of voice, data, and video over various communications mediums, including cable, satellite, terrestrial-based wireless, and wireline mediums
65	Utilities	Gas, electricity, and water services delivered directly to residential and commercial users
90	Other	Revenue identified as being corporate or otherwise not directly derived from normal production operations; whose product allocation is not disclosed; or which is identified as being generally distributed or derived from a multiple industries with no one source predominating
95	Non-Corporate	Government entities at all levels from local to supranational, and their agencies and departments; membership organizations; and trusts, investment vehicles, and financial non-physical entities

RBICS Focus methodology determines the sector from which a company derives 50% or more of its revenue and maps the sector path accordingly. Apple's focus sector is:

*Technology > Hardware > Communications Equipment > Wireless Mobile Equipment >
Smart Phone Manufacturing > Smart Phone Manufacturing*

RBICS with Revenue data is compiled by standardizing companies' As-Reported business segments into the lowest levels (L6) of the RBICS Taxonomy. FactSet Sector Analysts are trained to determine the corresponding sector that best represents each business segment in a consistent way to ensure comparability across companies with similar (if not similarly *named*) operating segments. The results for Apple are shown below as 'Standardized'.

As Reported

Non-Standard Segments		
iPhone	$	166,699
iPad	$	18,805
Mac	$	25,484
Services	$	37,190
Other Products	$	17,417
Total	$	265,595

Standardized

As Reported Segment	RBICS L6 (Sub-Industry) Sector Name	Revenue %
iPhone	Smart Phone Manufacturing	62.76%
Mac	Multi-Type Business and Personal Systems	9.60%
iPad	Portable Computer Systems	7.08%
Other Products	General Consumer Electronic Manufacturing	6.56 %
Services	Media Download and Streaming Digital Content Sites	14.00 %
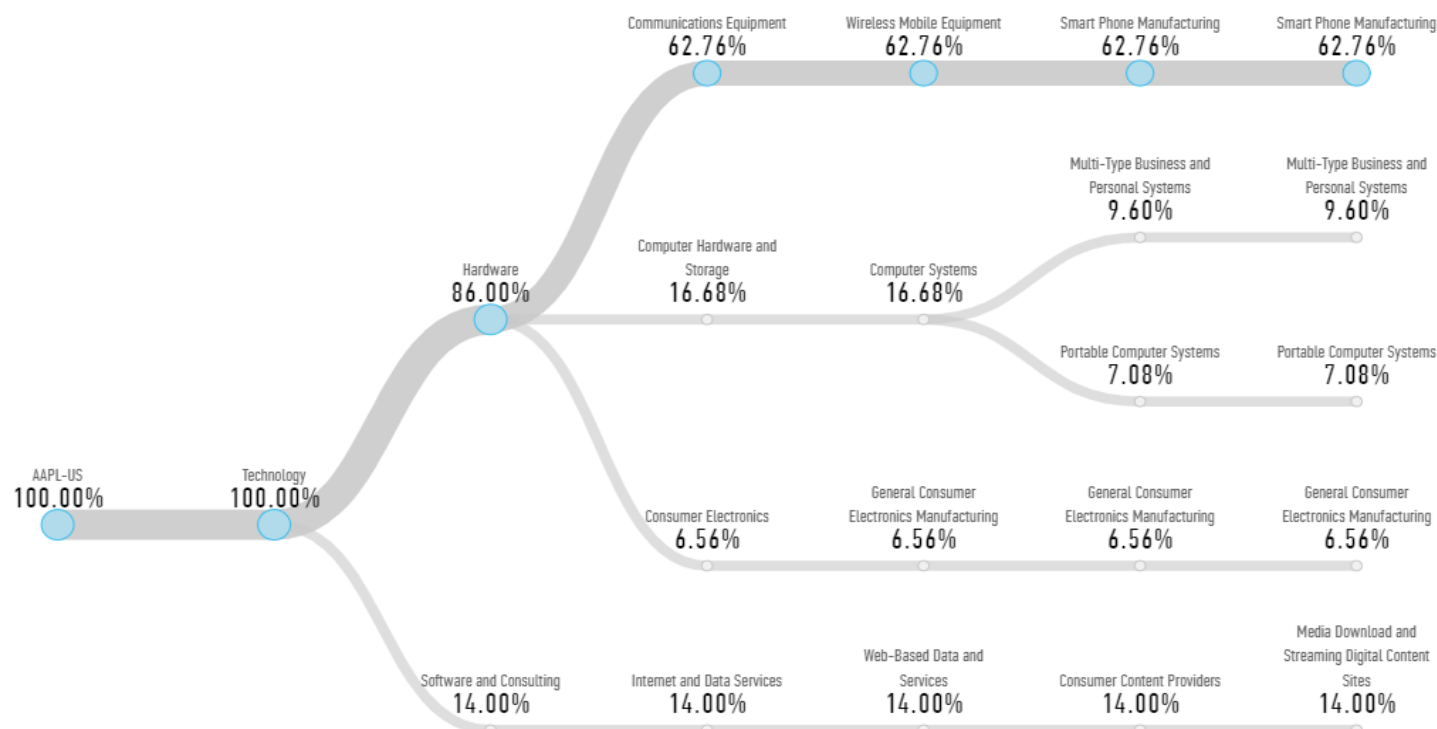
Apple offers a range of material products/services to the market. For **RBICS with Tradenames** data compilation, FactSet analysts catalogue and map these material product and service offerings to the most suitable RBICS Sub-Industry (Level 6) in the RBICS Taxonomy. The following table depicts some of Apple's 61 tradenames (as of January 2019) and their RBICS placements from the taxonomy's levels 1 to 6.

Tradenames	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Apple iCloud	Technology	Software and Consulting	Internet and Data Services	Internet Hosting Services	Other Hosting Services	Other Hosting Services
Apple iMovie	Technology	Software and Consulting	Software	Home and Office Software	Home and Office Multimedia Software	Home and Office Multimedia Software
Apple iPhone	Technology	Hardware	Communications Equipment	Wireless Mobile Equipment	Smart Phone Manufacturing	Smart Phone Manufacturing
Apple iPod	Technology	Hardware	Consumer Electronics	Audio Electronics Manufacturing	Audio Electronics Manufacturing	Audio Electronics Manufacturing
Apple Music	Technology	Software and Consulting	Internet and Data Services	Web-Based Data and Services	Consumer Content Providers	Media Download and Streaming Digital Content Sites

Data Maintenance

FactSet's well-defined proprietary research methodology allows for a consistent and accurate collection and classification process housed within its proprietary data management system.

FactSet RBICS is maintained and updated by FactSet's sector analysts on an ongoing basis as companies release their annual financial filings and reports throughout the year. The analysts collect company information exclusively from primary public sources such as SEC 10-K annual filings, investor presentations, press releases and websites, and classify them within a normalized taxonomy system*. The analysts also monitor daily changes resulting from corporate actions. FactSet profiles for newly listed companies and IPOs based on their prospectus.

The result is a comprehensive, detailed and up-to-date matrix-structured industry mapping of the publicly traded companies and the global economies.

Please see Appendix A - RBICS Extended Universe for specifics on private company data maintenance.

RBICS Features Summary

Features	FactSet RBICS
Taxonomy Structure	14 industries (twelve anchor industries and two specialty industries) 6 levels of depth with increasing granularity Stable structure over years
Taxonomy Construction	Built from bottom-up by grouping products and services Top levels 1 to 3 are market-defined to reflect macro view of stock co-movement Bottom levels 4 to 6 are product-based
Data Sources	Primary sources directly disclosed by companies Includes regulatory filings, investor reports, websites and press releases
Coverage[2]	About 48,000 global companies
History from	**RBICS FOCUS** U.S. 2003 Non-U.S. 2011 **RBICS with Revenue** US: 2012 Non-US: 2014 **RBICS with Tradenames** US: 2003 Non-US: 2011

*Excludes features specific to RBICS Extended Universe

Dataset Availability

LiveData Feed: Available in any supported SQL RDBMS with self-synchronizing web service delivery on demand, with updates delivered on the client's schedule.

Standard DataFeed: FactSet's Standard DataFeed RBICS packages are fully compatible with all other Standard DataFeed packages, including Fundamentals, Estimates, DMS, Shipping, etc. Comprehensive schema descriptions provide a blueprint to help you maintain a local copy of FactSet's proprietary content. Take advantage of our loader to download files and update local databases based on your needs.

Workstation: RBICS Focus and RBICS with Revenue are available through Portfolio Analysis, FQL/Screening codes*, and HTML reports (current-only). *Available as add-on package

Appendix A – RBICS Extended Universe

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[2] As of January 2019

RBICS Extended Universe

RBICS Extended Universe – Industry Group offers single-sector mapping for over 3 million private and public companies on a current-only basis through the first four levels of the RBICS taxonomy.

Data Compilation for *RBICS Extended Universe*

For companies in the *RBICS Focus* coverage universe, current data is sourced directly from the existing collection process and presented at four levels of depth. For the remaining ~3 million companies, the majority of which are non-public entities with limited disclosure requirements, the collection process is modified to ensure consistent assignment of companies without the full range of regulatory filings and reporting.

Companies in this broader universe are classified using both manual and automated techniques. Manual RBICS assignments are determined based on analyst review of a company's website, press releases, and core reference data. Automated RBICS classifications are derived using FactSet-assigned NAICS classifications (which are largely based on the same available source inputs) and other sophisticated mapping logic. As manual reviews continue over time, the proportion of companies with automated RBICS assignments is expected to diminish as a proportion of the overall universe.

Data Maintenance for *RBICS Extended Universe*

Due to the scope of the universe and lack of consistent reporting cycles, reviews/updates of existing RBICS Extended Universe assignments will often exceed one year. For companies outside of the RBICS Focus Universe, company reviews can be triggered by company events, such as: M&A, corporate actions, and executive changes.