

Unlock High-Quality Alternative Data

With These 6 Tips



Searching for Gold

In the race to beat the market, there's a ton of competition for new, better data. And data providers are clamoring to sell the latest and greatest in big data and analytics.

So, what's the best way to break through all the noise and procure those gold nuggets that can actually help capture an edge? What makes one data source better than another?

Here are six quick tips that can make foraging for the gold standard of data a little easier:







1. Look at coverage *and* expansion

It goes without saying that coverage is important; gaps in geography and history can be huge red flags. But something else to look at is whether and how the vendor is actively expanding their coverage.

Researchers must stay competitive to beat the market, and vendors should also stay competitive to provide the best quality data possible.

- 
- 
- **FAST FACT:** Tens of thousands of new permits are added to the BuildFax database every day.



2. No product? No problem.

If a data vendor doesn't have an existing product, this could be a good thing. It might mean there hasn't been a demand for the data set yet – which would suggest it's relatively unknown and could provide an edge.

In a time when informational advantage is critical in achieving alpha, having access to quality, virtually undiscovered data can have a massive impact to your bottom line.





3. Find out the release schedule

How quickly does new data become available? Is the release schedule competitive with other similar data sets? It's important to take speed into account, but it's equally important to simultaneously ensure quality.



If the data is only available every six months, it could be considered stale. But, if speed is the only thing making a vendor unique, it might be worth a closer look – faster data doesn't always mean better data.



4. Consider machine learning to manage sparsity

Null values can be annoying, and are a deal-breaker for some researchers. But if unsupervised learning techniques can be employed to draw insight despite some sparsity, then the data might be worth pursuing anyway.

Why? This could be data that nobody else is using due to the gaps...and access to untapped data can be key to unlocking an edge.





5. Data exhaust can be awesome

Did the data vendor create a data set as a target for financial traders, or for some other reason? If it's the latter (and they stumbled across the fact that the data could be valuable to the industry), then you may have found a unique data set that possibly hasn't been exploited yet.



FAST FACT: BuildFax remodeling data has shown to be statistically co-integrated with Home Depot's revenue.



6. Pay attention to accessibility

What's the customer service experience like when meeting a prospective vendor and negotiating a sample? When testing the sample, scrutinize ease of integration as a way to judge how seamless it will be to work with that vendor in the future.

As Wall Street and main street become increasingly data-centric, it's more important than ever to stay informed as a data consumer. Hopefully these tips save you some valuable time in the process of choosing a data provider.



Want to Learn More?

Email us at hello@BuildFax.com. We'll be happy to set you up with a data sample.

BONUS: Download our Data Checklist to make finding quality alternative data even easier

GET THE CHECKLIST

