

## Thomson Reuters: Building a Risk-Management Business

In January 2016 Phil Cotter, the head of Thomson Reuters' Risk business, was reflecting on the opportunities for growing the business.

The business environment since the global financial crisis, particularly in financial services, had been extremely tough. Regulatory agencies were creating rafts of new rules to constrain and monitor banks to ensure that the financial meltdown of 2008 would never be repeated. Thomson Reuters estimated there had been more than 48,000 regulatory updates in the last year alone. Large industrial corporations were also facing increasing regulatory pressure; for example know-your-customer (KYC) rules for verifying the identity of clients. Cotter explained:

*Within this environment of continuing compliance failure, most companies have responded by throwing people at the problem, so costs have risen inexorably. But this is a short-term solution. The next step is that banks need to 'industrialise' their governance and risk processes, standardising and simplifying them. We can help them do that, but it is still quite a challenge to engage them in these discussions.*

Cotter also had to contend with internal organisational issues. The Risk business had been launched after the 2008 financial crisis to provide services to clients on governance, risk and compliance (GRC) issues. Initially it was run as a free-standing business unit with its own dedicated sales force, but in 2013 it began the process of integration into the broader Financial & Risk (F&R) division of Thomson Reuters.

With annual revenue of \$700 million in a division of \$6.6 billion, the business had grown strongly since its formation but had not been fully integrated within F&R. The next stage in the evolution of the Risk business was to leverage the wider organisation to help it to scale, and in particular to benefit from the 2,000 or so sales people operating globally across F&R. Cotter's target was to get to more than \$1 billion in revenues by 2020 and he was weighing up the various opportunities that would enable him to get there.

### Thomson Reuters

Thomson Reuters was formed in April 2008 from the acquisition of Reuters Group by The Thomson Corporation.

**Reuters** was founded as a news agency in London in 1851 by Paul Julius Reuter, a German-born immigrant. The company expanded internationally and came under pressure from the British government during the World Wars to serve national interests. To deflect this pressure, press agencies in Britain, Australia and New Zealand joined together in 1941 to purchase a majority stake in Reuters, establishing an agreement – Reuters Trust Principles – that “freedom from bias be fully preserved.”

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Julian Birkinshaw is Professor of Strategy and Entrepreneurship at London Business School. Stefano Turconi is a Teaching Fellow in Strategy and Entrepreneurship at London Business School.

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