Digital investor relations and hybrid journeys of the future

By

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As at the end of every year, I was busy writing the annual investor relations plan for the new year in December 2019. This involves identifying the investors and regions we need to visit and then putting that plan into action with the organisation of roadshows, and attending conferences and industry events. With the benefit of hindsight, the plan for 2020 did not exactly run according to schedule!

Little did I realise when I flew back from Northern Africa a year ago that February would be my last physical meeting with investors for the remainder of the year. In March 2020, all travel abruptly stopped as countries went into lockdown and travel restrictions were imposed due to Covid-19. The whole world quickly transitioned to virtual platforms for an abundance of call and video conferences that have now become our new normal.

The statistics really showed the stark differences a year could make. In 2019, we met with investors in 25 countries and 33 cities worldwide. In 2020, we visited five different cities before everything stopped. At the ESM, we are no strangers to dealing with uncertainty and quickly adapted to the online world. In total, we held 60 conference and video calls with investors and participated in 23 events as speakers and panellists. We also co-hosted a Capital Markets webinar with the European Investment Bank (EIB) in July and another virtual conference with the EIB and the European Commission in October – setting a precedent for European co-institutional events. We also expanded our investor base, attracting €1.5 billion of new investor money in our bond sales. All in all, it was still a busy year.

There are many advantages of virtual events. They are more efficient; 30 minutes is usually sufficient and as a British person, I love the punctuality that is accorded to calls. Undeniably, they are also healthier for our planet. Lowering your carbon footprint has moved more centre stage. Calls are also a very good way of maintaining existing relations with investors we know very well. A quick 30-minute conversation to update on new developments at the ESM, hear their views, and discuss markets is efficient on both sides. The only drawback is that the preparation time is slightly longer than a physical meeting with all those test calls and coordination meetings and - of course - the risk of technical glitches.

One other significant positive factor is the work-life balance aspect. I really appreciate being on a roadshow with investors on the other side of the world – yet still being here to open the front door when my children come back from school.

I also don't miss the 5.00 starts or landing at Luxembourg airport at 22.00 after a long day of meetings and travel, but I do miss it: the human interaction. The face-to-face relationships built over the course of several years, the informal discussions in the corridor that are sometimes more meaningful than the meetings themselves. Virtual meetings focus on the essentials; you pass on your message and have a quick question-and-answer session. This works well for investors we know well yet for a first meeting and establishing a contact with a new investor, physical meetings are so much more powerful. Where calls are very alike, there is so much more variety in a physical meeting from the journey to get there, the presence of the participants, what the room was like or even the weather on the day that make the meeting more memorable. Also what I like about physical meetings have a tendency to meander sometimes and that is often where creative ideas and different perspectives flourish.

The bottom line

What has been the impact for us in terms of results? The EFSF and ESM successfully raised €30.5 billion in bonds during 2020. The transactions were well-subscribed and came from a diversified investor base. In addition to allocating €1.5 billion of bonds to new investor accounts, the rest was allotted to our long-standing and trusted investors without whom we could not fulfil our mandate. They too remained with us in the virtual world. So this was a year both of loyalty of our investor base and the introduction of new investors.

What will the future bring us? After almost a year in the virtual world, investors and issuers are more at ease with digital meetings and roadshows. They are efficient and effective platforms, so they will stay.

We will slowly move to a hybrid world where we hold events with speakers and panellists in one place broadcasting to investors worldwide. But we should not forget the importance of physical meetings. We probably will be more selective and targeted when arranging trips, in line with our environmental aspirations.

The power of digital is incredible. It brings together hundreds of people for a conference online. Yet the social aspect where people mingle, talk, and exchange ideas is irreplaceable. So, as the Covid-19 vaccine programmes roll out across the world, we hope that the future will provide a hybrid investor relations experience, combining good traditional physical interactions with the benefits of digital meetings.