

Analyzing 10-K and 10-Q filings

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» What are 10-K and 10-Q useful for?

10-K and 10-Q filings are public financial statements that companies are required to file with the US Securities and Exchange Commission (SEC). While these filings are primarily intended to inform investors and regulators about a company's financial health, they also provide valuable data for researchers in a variety of disciplines. Let's have a look at some examples of such uses by researchers and practitioners.

Accounting and financial experts can use 10-K and 10-Q filings to study financial reporting practices, earnings management, events such as mergers and acquisitions, and other accounting-related topics. They often analyze them to assess a company's financial health, performance, and strategy, or to assess the company's compliance with applicable laws, regulations, and reporting requirements.

Economists often want to understand the broader economic implications and market dynamics surrounding the company's performance. They may want to extract information about corporate decision-making and behavior in reaction to broader macroeconomic factors such as inflation, interest rates or overall market conditions. They may look at their pricing strategies, labor practices, their contribution to economic growth, job creation, or regional development.

Management sciences professional often use 10-K and 10-Q filings to study companies' governance structure and decisions regarding risk, innovation, and competition, and to identify strategies that companies use to compete in their industries and the factors that drive their success.

Lawyers and legal analysts may also analyze these filings to assess regulatory compliance to financial requirements, environmental regulations, employment-laws, consumer protection laws, etc. They may review current legal risks by identifying pending litigations, disputes, or legal proceedings. They may also want to evaluate potential risks and opportunities in the company's future by assessing compliance to contractual obligations and identifying measures to protect and enforce intellectual property as well as risks of legal disputes or infringements of IP.

Improving Customer Experience

Text analytics can be used to analyze customer surveys, online reviews, social media comments, and customer support tickets. By identifying common themes and sentiments in customer feedback, businesses can improve their products and services to better meet customer needs and expectations. For example, let's say you own a chain of restaurants, and you've been receiving negative feedback

about your customer service. By using text analytics, you may find that customers are frustrated with long wait times, poor food, or rude staff. You can identify which locations are most at risk or need the most help. By using this data, you can take steps to resolve these issues, such as hiring more staff or providing additional training to your employees.

Analyzing Intellectual Property

Another fruitful area for text analytics is not just looking at what's happening now but trying to identify what's next. One tactic is using intellectual property analysis. Text analytics can be used to analyze patent filings, copyright assessment, licensing and contracts, research papers, and technical documents to gain insights into competitors' research and development activities, technological advancements, and potential future products. IP analysis can help your company identify unique features, functionalities, or design elements that can be protected by intellectual property rights. This helps you to differentiate your products from competitors and gain a competitive advantage in the market.

Analyzing Incident Reports & Warranty Claims

Similarly, incident reports related to the manufacturing or maintenance process, as well as warranty claims can be analyzed to identify recurring issues and remedied quickly. For example, a car manufacturer can quickly identify a recurring costly problem that might be fixed through a small change in the manufacturing process or design changes. Identifying it earlier may save money by foregoing a costly recall or repair.

Improving the Supply Chain

Key to any enterprise is a cost-effective and efficient supply chain. Text analytics can be used to monitor suppliers' performance by analyzing emails, performance logs, to enable you to identify issues and negotiate proper terms. Your supply chain must be flexible and reactive to customer preferences and demand. Again, analyzing customers comments, emails, incident reports, can help you



identify recurring problems and make your supply chain as efficient as possible. There have been many academic papers written on supply chain analysis using QDA Miner and WordStat.

Analyzing Financial Data

A driving force in any business is the financials. You can use text data to analyze the competition to explore their quarterly and yearly financial reports. You can see how the competition is doing or perhaps identify a takeover candidate to enlarge your business. The amount of text data can be overwhelming, and it can be hard to extract relevant information. WordStat can process 10-K and 10-Q filings, allowing you to analyze specific sections of those filings.

In conclusion, text analytics can provide businesses with valuable insights. Enable you to glean information to make data-driven decisions, improve products and services, and stay ahead of the competition. The above are some examples of applications you can explore to see how you can make text analytics work for you. If you would like to know more or see how our software can help you, please contact us for a free consultation or free demo or of our text analytics tools.