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Merger Madness: How Company Mergers Affect Customers – The Good, the Bad and the Ugly

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Mergers and Acquisitions are Commonplace

- M/A used to build market share
 - Cambridge Information Group purchase of ProQuest
- Mergers provide cash out strategy for family run companies
 - Blackwell
- Can be used by venture firms to realize gain
 - Willis Stein bought Baker & Taylor for \$255M in 2003
 - Sold to Castle Harlan for \$455M in 2006
- Often used by companies to eliminate a competitor
 - ProQuest purchase of Dialog
- Used to gain capital, technical expertise, and key technology
 - Ex Libris acquired SFX Linking Software

Looking at the Library/Information Marketplace

- Wave of acquisitions of Integrated Library Systems by Venture capital firms
- Databases are common products that are bought and sold
- Journal titles are sold or traded from one publisher to another
- Publishers still merging with other publishers
- Subscription agents continue to buy other subscription firms
- Book dealers bought or merged with other firms
 - B&T, Coutts, and Ingram



Venture Capital Firms Becoming Important Players in Information Marketplace

Carlyle Group	Sells	Baker & Taylor	Willis Stein	\$255M	2003
Willis Stein	Sells	Baker & Taylor	Castle Harlan	\$455M	2006
Francisco Partners	Buys	Ex Libris		\$62M	2006
Leeds Equity Group	Buys	Ex Libris	Francisco Partners		2008
Seaport Capital	Sells	Sirsi Dynix	Vista Equity Partners		2007
Cinven & Candover	Buys	Kluwer Academics		\$600M	2002
Cinven & Candover	Buys	Springer Bertelsmann		€1 Billion	2003
Gilde	Buys	Swets & Zeitlinger			2007

Mergers and Acquisitions often Produce Positive Results

- Provides the necessary capital for growth and expansion
- Accelerates the development of new products
- Often frees up management talent to start-up or grow other firms
- Provides improved management and stability to shaky companies
- Other provides acquired companies new markets/sales channels.
- Database gets expanded technology, content, and better hosting platform
- Awards the shareholders with increased value
- Opens up new markets

While many mergers are successful there are often negative consequences

- Areas of duplication in staffing often eliminated i.e., marketing, accounting, finance and technology
- There is a human cost to most deals that is unfortunate but common place
- Most often there are price increases in most if not all titles/products
- Loss of benefits, retirement plans, and physical location is often changed
- Users subjected to a period of confusion and poor service

Mergers can become ugly – customers are held hostage, denied access to their content and find little relief

- Most common areas for trouble
 - Switching hosting platforms
 - Merging subscription records to different fulfillment system
 - Managing or merging of content licenses
 - Honoring archive rights to previous content
 - Maintaining access rights
 - Customer service becomes nightmare for libraries



Grade Some Recent Mergers

Grade*

Ex Libris – SFX	_____
Ingenta – Catchword	_____
Proquest – Serials Solutions	_____
Taylor/Francis – Haworth Press	_____
Cambridge Information Group – ProQuest	_____
Swets – Scholarly Statistics	_____
EBSCO – Faxon	_____
Wiley – Blackwell	_____
OCLC – NetLibrary	_____
Devine – Faxon	_____
Google – You Tube	_____
Willis Stein & Partners 2003 – Baker & Taylor	_____

*Good, Bad, or Ugly



Library Community Still Waiting for the Really Big Merger!!



SPEW

Springer – Elsevier Wiley Blackwell

* Phil Davis – Scholarly Kitchen