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ATG Interview

Karen Hunter
Elsevier Publishers

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Against the Grain Interview

Karen Hunter
(Elsevier Science Publishers)

Recently your fearless editor attended the SSP (Society for Scholarly Publishing) meeting in Philadelphia, Pennsylvania and took the opportunity to talk to Karen Hunter who was also attending. Here's some of what she said...

ATG: Why did Elsevier buy Pergamon?

Hunter: Short term: Robert Maxwell wanted to sell Pergamon and it was a good company to buy. If a company like this is up for sale, you have to look seriously at it because if you don't buy it it might go to your competitors. Besides, Pergamon has a good journal list which compliments our own journal list with very little overlap.

Long term: With a larger package we can take more risks and do more as a publisher, particularly electronically.

ATG: Can you elaborate on that last point more? We have noticed in the letters announcing the Pergamon buyout that Elsevier has talked about electronic development and the research and development potentials.

Hunter: It's an act of faith rather than anything specific. There are things to do, for example standardization, and other publishers have to be encouraged. In the long term, it will make life easier. But it's a gamble. We could have the best buggy whip in town. There will be enormous changes in the system and there are no guarantees of what will happen in the transition to electronic distribution. There are advantages to being larger but in this very competitive

market, being larger may make us slower to react and those publishers who are smaller may be able to react more quickly.

Publishing is easy these days; you can do it out of your backyard (you're a publisher, after all). You can get in with a strong editorial concept and a good editor, but you need financial depth. The larger publisher has the advantage of a network in place.

ATG: When will the actual buyout of Pergamon by Elsevier take place — that is, when will the money change hands?

"There will be enormous changes in the system and there are no guarantees of what will happen in the transition to electronic distribution."

Hunter: The sale closed a week ago today, that is May 16, after battling.

ATG: Can you comment on that last statement — the battling part, that is?

Hunter: Sure. We were obligated to file with the FTC because of the size of the transaction. After filing, there is a 30-day period in which nothing can be done or an investigation can be held. After that, there may be a request for more information and we would enter into a second stage.

We were told by ARL on the day the sale was announced in the press that they would file a complaint. On the 26th of April, nine days before the end of the 30-day period, we were notified by the Federal Trade Commission that they had received some comments or com-

plaints. (The 30-day period ended Sunday, May 5.)

We were notified by the FTC of concerns but we were not told from whom or exactly what the concerns were. On April 30, I went to talk to the FTC. There were economists and lawyers there and we talked for two and a half hours. They had questions about the details of the industry; they wanted more information which we supplied them. They could have chosen to extend the waiting period but apparently they were satisfied and so they didn't.

ATG: Where did the sale take place exactly since this was a Dutch company buying a British company and why was the FTC interested in it?

Hunter: The sale took place in England. The FTC was concerned about the size of the transaction and its effect on the U.S. market, especially since both companies have assets and companies in the U.S. But it was primarily a European deal.

ATG: Were there any similar activities in any other countries?

Hunter: The same clearance was necessary in the United Kingdom, France and Germany. Lengthy filings were made in Great Britain by Pergamon. The Dutch don't have equivalent filings.

ATG: We understand that 40 out of 120 people have been fired at Pergamon in Elmsford, NY. Is this true? Obviously, this concerns all of us who have friends at Pergamon. There is a feeling among some of us that Pergamon was a family and that Elsevier is a conglomerate with no feeling of family.

Hunter: I understand the concern. Thirty-five to forty people have been let go with appropriate severance packages I believe. You have to understand that when this all took place Pergamon was not yet owned by Elsevier. In the course of the negotiations between Elsevier and Pergamon, before the sale, we were informed that Maxwell had plans for cutting back the Elmsford operation which he planned to put into effect regardless of the sale. These plans originally called for the loss of 85 people. I agree with you that this is an unfortunate thing.

ATG: Tell us, is there going to be relief out of all this — that is, will there be journal mergers and, so, fewer journals to buy out there?

Hunter: The number of overlapping journals is small and Pergamon will be run as a separate company. There will have to be discussion and analysis of all journal titles (which takes place on a regular basis already). This will take time. Obviously there are concerns of and about journal editors as well.

ATG: Has there been any fallout of journal editors when they learned that Elsevier was buying Pergamon?

Hunter: No. Robert Maxwell had a strong personal loyalty among his employees. I would say, however, that in the past eight to ten years, he has been branching out more and has spent less time with Pergamon.

ATG: Now that you've bought Pergamon is Springer-Verlag next?

Hunter: Elsevier is a diverse company and there is a question of how much money they want to invest in the same market.

ATG: So, would you have preferred to buy Springer-Verlag rather than Pergamon?

Hunter: We've talked to them. They are a good company with high quality publications and good quality people; they're about the same size as Pergamon. Pergamon started as a family business and became a conglomerate; Springer-

Verlag is a family company and is apparently not willing to sell -- or, if so, maybe they would prefer to sell to another German company.

ATG: Who else wanted to buy Pergamon?

Hunter: I don't really know. I can speculate that Reed and Thompson may have wanted it. There was another bidder supposedly and it was a close bid. But there aren't that many companies that could afford to buy Pergamon by the end of March. The Maxwell fiscal year ended in March and it was the target for closing the deal. Rumors were around last fall, but the serious talks started in 1991. There was even discussion of joint venture possibilities between Pergamon and Elsevier early on, but that didn't work out.

And that — as they say — is that — no doubt, y'all, our exciting publishing saga/soap opera will continue in the years ahead as we all get older and hopefully wiser.

Your Editor

continued

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